



# COUNTY OF SANTA CRUZ

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## PLANNING DEPARTMENT

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KATHLEEN MOLLOY PREVISICH, PLANNING DIRECTOR

February 20, 2018

**AGENDA: February 28, 2018**

**Item: #6**

Planning Commission  
County of Santa Cruz  
701 Ocean Street  
Santa Cruz, CA 95060

**SUBJECT: PUBLIC HEARING TO CONSIDER PROPOSED AMENDMENTS TO SANTA CRUZ COUNTY CODE (SSCC) CHAPTERS 7.128, 13.10 AND 16.01, AND RELATED AMENDMENTS TO THE COUNTY GENERAL PLAN / LOCAL COASTAL PROGRAM REGARDING A CANNABIS LICENSING, REGULATORY AND LAND USE PROGRAM FOR NON-RETAIL COMMERCIAL CANNABIS CULTIVATION, MANUFACTURING AND DISTRIBUTION ACTIVITIES**

### INTRODUCTION

On February 5, 2018 the Board of Supervisors held a Special Meeting to consider and provide direction to staff about revisions "in concept" to prior draft versions of Cannabis Program policies and regulations. The Cannabis Program ("Program") includes proposed amendments to Santa Cruz County Code Chapter 7.128 regarding licenses for non-retail commercial cannabis businesses, to Chapter 13.10 relating to discretionary land use permits for non-retail commercial cannabis activities, and to Chapter 16.10 to define the Environmental Coordinator as the Planning Director or Director's designee. The Board's direction "in concept" was necessary in order to define the current proposed content of the Cannabis Program to be considered by the Planning Commission at a public hearing, and to establish the desired approach to compliance with the California Environmental Quality Act (CEQA) for the currently proposed Program.

Following the staff presentation and extensive public comment at its meeting of February 5<sup>th</sup>, the Board directed staff to restructure the proposed Program to be consistent with criteria that would qualify the Program to use the new statutory exemption from the California Environmental Quality Act (CEQA) that was provided by the State legislature for local government cannabis regulatory programs that require discretionary review of individual applications for cannabis licenses and land use permits. The newly-authorized (end of June 2017) approach eliminates the need for the County to continue work associated with the Draft Environmental Impact Report (DEIR) that was released by the County of Santa Cruz for public review and comment on earlier-proposed versions of the Cannabis Program. Instead, the Board has directed that the information, mitigation measures and public comments from the Draft EIR be appropriately incorporated into the currently proposed Cannabis Program. This approach is expected to allow for a more timely implementation of a regulated cannabis industry in Santa Cruz County, leading to earlier associated reductions in impacts on the environment, neighborhoods and public health, safety and welfare than would

otherwise be anticipated if a Final EIR were to be prepared and certified for the county's Cannabis Program.

Staff has revised the proposed Program regulations to reflect the Board's direction. Ordinances amending Chapter 7.128 (Exhibit B – Clean; and Exhibit C – Strikeout/Underline of 2/5/18 Staff Concept) and amending Chapters 13.10/16.01 (Exhibit D – Clean; and Exhibit E – Strikeout/Underline of 2/5/18 Staff Concept); each as revised per Board direction; along with several proposed new and amended policies in the General Plan and Local Coastal Program (Exhibit F) are attached. In addition to these formal policy and code amendments that would become part of the County's regulatory scheme, administrative tools have also been developed and are attached, including "Best Management and Operational Practices (BMOP) Guidelines" (Exhibit G) and "Cannabis Enforcement Program (CEP) Administrative Guidelines" (Exhibit H).

## **BACKGROUND**

In late June 2017, following the Board's December 2016 approval of the EIR consultant contract for preparation of programmatic environmental review and two months prior to release of the County's Draft Cannabis Program EIR for public comment, the Governor signed into law the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA). The MAUCRSA included an express statutory exemption to the CEQA process for local jurisdictions adopting cannabis regulatory programs, provided such local ordinances and regulations require "discretionary review and approval of permits, licenses, or other authorizations to engage in commercial cannabis activity".

The statutory exemption enacted under MAUCRSA means that it is no longer necessary for the County of Santa Cruz to complete certification of a Final EIR, so long as the county's adopted Program includes requirements for environmental review of individual applications for discretionary licenses and/or land use permits for commercial cannabis operations. Instead of certifying a Final EIR that analyzes potential environmental impacts on a County-wide, programmatic level, environmental review would occur on a site specific basis for each individual application for a license and land use permit for a proposed cannabis operation.

While a FEIR will not be pursued, the environmental analysis did yield valuable information, mitigation measures and public comments that have been considered and appropriately integrated into the currently proposed Program. Additionally, the attached "Best Management and Operational Practices (BMOP)" Guidelines will be considered and incorporated into each cannabis license and permit application, and Cannabis Enforcement Program Administrative Guidelines will also be employed by the County.

Applications will be considered for consistency with new and amended policies in the General Plan and Local Coastal Program. Conditions of Approval will be applied to each project as warranted, to ensure that proposals are consistent with the environmental mitigation measures that were generated by the Draft EIR process, which are integrated into the ordinances, BMOP and Enforcement Program.

Following staff presentation and public comment, the Board acted on February 5, 2018 to provide direction to staff to modify the proposal in concept and to approve re-structuring the Program consistent with the statutory exemption provided by state law. Shifting CEQA review to each individual project will avoid significant delays in implementing the Program, which would be detrimental to the health, safety and welfare of County residents. Using the new CEQA statutory exemption for adoption of the Program, along with carrying out environmental review on all future applications for discretionary licenses and/or permits achieves a thorough level of environmental review for non-retail commercial cannabis activities.

## ANALYSIS

Issuance of each future cannabis license will be considered a discretionary action of the Licensing Official, and each license applicant will also be subject to discretionary actions on land use permits through the Planning Department. The “package” of license and land use permit applications will be the subject of CEQA environmental review prior to issuance or approval. Applicants will file concurrent applications to the Cannabis Licensing Office and Planning Department for required authorizations from the County.

Given that proposed commercial cannabis operations submitted and approved for licensing and land use permitting will be in compliance with the County’s new regulations and will incorporate mitigations and best practices identified during the DEIR process, or are otherwise required by the County’s existing codes, it is expected that some future cannabis projects will qualify for a categorical exemption from CEQA and that others will require an Initial Study (which may lead to a negative declaration or mitigated negative declaration), rather requiring preparation of an EIR. A list of the more common categorical exemptions most likely to apply to cannabis projects is attached as Exhibit I.

By substantially incorporating the recommended mitigations included in the DEIR into the cannabis regulations along with requirements for use of best practices and case-by-case environmental assessment, and pursuing a robust cannabis enforcement program, the proposed approach has the benefit of strengthening environmental and neighborhood protections while allowing the timely establishment of a local cannabis industry to proceed.

### Summary of Program Revisions Proposed to the Board

The initial proposal evaluated by the DEIR was based on a draft ordinance that built on recommendations of the Cannabis Cultivation Choices Committee (C4), a facilitated public process that included residents, members of the cannabis industry, experts in planning, environmental health and the law. In drafting its recommendations, C4 incorporated hours of expert testimony from individuals and agencies with firsthand experience in the risks and benefits of cannabis production, both locally and across California. The majority of that work remains in the recommended Non-Retail Commercial Cannabis Program, but with modifications based on environmental review and public comment. The versions of the ordinances reviewed by the Board of Supervisors on February 5<sup>th</sup> included the following basic principles.

1. Regulations to address manufacture and distribution added to cultivation in a single ordinance
  - Proposed SCCC 7.128 includes cultivation, manufacture and distribution operations all under one non-retail license ordinance. Manufacture and distribution were not previously included within the initial draft Chapter 7.128. The licensing regulations focus on operational requirements imposed on licensees while the land use regulations in Chapter 13.10 address the types of cannabis activities that are allowed in various zone districts, the type of permit process, and applicable development standards.
  - Proposed changes to SCCC 13.10, the County zoning ordinance, provide that all cannabis activities require a discretionary land use development permit, which is envisioned to be processed concurrently with a license application. The regulations are based upon allowable activities provided for in Chapter 7.128. Zoning district, location inside or outside of the “coastal zone plus 1-mile buffer” and parcel size are the key criteria used to determine the types of cannabis activities that may be considered.

2. Co-Location is possible in all eligible zone districts

- Co-location allows multiple licensees on a single parcel with certain limitations and conditions, but within the specified canopy area allowed for the subject parcel.

3. Master Planned Facilities are possible in all eligible zone districts

- This provision allows applicants to propose a Master Plan with multiple licensees operating on adjacent parcels, each able to pursue up to their applicable “limit” rather than be based on a single parcel limit. The Licensing Official would make a recommendation as to an upper limit to the number of licensees based on objectives of shared infrastructure, clustering development and reducing environmental and neighborhood disruption. Multiple licensees may be associated with a single dwelling if approved by the County and may coincide with co-location.

4. Proposed Cultivation Rules

- Limitations within Coastal Zone plus 1-mile Buffer: Within the Coastal Zone plus 1 mile (CZ+1) cultivation may only be permitted within existing structures and outdoor in the CA and A zoning districts.
- No development of new structures in any district except C-4 and M can occur within CZ+1. Outside the CZ+1 new structures may be permitted in many zone districts.
- Modify Canopy Limits established for CA and A: Most canopy limits remained the same as originally proposed, with the following specific changes recommended to allow for and incentivize co-location where appropriate:

*Commercial Agriculture (CA) Zone District*

- Co-Location, parcels less than 20 acres:
  - Up to 5% of parcel size, not to exceed one(1) acre
- Co-Location, parcels greater than or equal to 20 acres:
  - If cultivation is proposed entirely within existing structures, canopy limit to be set by the Licensing Official
- Co-Location, parcels greater than or equal to 20 acres:
  - If cultivation is proposed within new structures, up to 5% of the size of the parcel, not to exceed two (2) acres among all licensees (aggregate).

*Agricultural (A) Zone District*

- Co-Location, parcels less than 20 acres:
  - Up to 3% of parcel size, not to exceed 10,000 square feet
- Co-Location, parcels greater than or equal to 20 acres:
  - Up to 1.5% of parcel size, not to exceed 22,000 square feet among all licensees (aggregate).

5. Revisions to Timber Production (TP) Zone District

- If a cultivation site was registered and present before the end of the registration period on or before November 2016, it is eligible for a license. In general, no new cultivation sites will be allowed on TP-zoned land.
- Cultivation on Timber Production zoned parcels limited to allow for a maximum of 0.25 acres of new land clearing or alteration for any cannabis-related expansion.

6. Revisions to Special Use (SU) Zone District

- To ensure protection of residential neighborhoods, the Class SU License type was deleted, and the Class A license type revised to include SU-zoned parcels with an underlying General Plan designation of 'Agricultural'.

7. Proposed manufacturing rules regulate 3 classes of license:

- Class 1: Infusion only, no extraction;
- Class 2: Extraction using non-volatile solvents or no solvents; may include Class 1 operations;
- Class 3: Extraction involving volatile solvents; may include Class 1 and Class 2 operations;
- Use Chart in SCCC 13.10 determines which Class (1, 2, or 3) of manufacture is allowed in a particular zone district;
- Manufacture is generally allowed in all zone districts ancillary to a licensed cultivation site, with the exception of the C-2, C-4 and M zone districts where licensed cultivation need not also occur.

8. Proposed distribution rules regulate 2 classes of license

- Class 1: Self transport from cultivation site or manufacture site of licensee to other licensed facility;
- Class 2: Transport own and other licensed cannabis products and hold product for testing and packaging.

9. Best Management and Operation Practices Plan (Exhibit G)

- Requirements apply to all cannabis business licenses and impose mitigation measures developed in the DEIR on all operations;
- Elements include water conservation plans, pesticide/rodenticide use, fencing requirements, grading restrictions and other environmental protection measures.

10. Enforcement Plan (Exhibit H)

- Establishes policies, protocols, resource and staffing requirements to enforce the cannabis licensing program, to protect the environment and neighborhoods.

### **Additional Direction Provided by the Board**

At its February 5, 2018 Special Meeting, the Board directed staff to make a number of changes to the proposed Program, including the following:

1. Elevate the processing level of discretionary review for all cannabis cultivation land use permits proposed for zone districts other than CA to Level 4 or 5 ("4" requires public notice; "5" requires public notice and a Zoning Administrator public hearing).

#### *Implication*

The stated intent of elevating the level of review was to ensure transparency and to provide an opportunity for those potentially impacted by commercial cannabis operations to receive notice and provide comments to decision makers. It should be noted that processing every non-CA cultivation use permit at higher levels than initially proposed will lengthen processing times for certain activities, particularly for those projects that may have minimal environmental or neighborhood impacts.

#### *Alternative*

One option would be to elevate the smaller-scale projects initially proposed for a Level 3 process ("3" requires no public notice or public hearing) to a Level 4 process. Level 4 processing would achieve the intent of providing notice to all neighbors within 300 feet, without the requirement for a public hearing and the attendant processing time. Additionally, a layer could be added to the Geographical Information System (GIS) displaying application sites throughout the County, as well as a list of all active cannabis license applications to be displayed on the Cannabis Licensing Office website. This would ensure that County residents can easily determine if an application has been made for any neighboring properties without the necessity of scheduling and holding numerous public hearings for cannabis cultivation. It should also be noted that Level 4 decisions can be appealed to the Zoning Administrator by any person whose interests are adversely impacted.

2. Remove hoop house exclusion from provisions pertaining to new commercial cannabis structures.

#### *Implication*

This change would allow the potential visual and disturbance impacts from hoop house construction to be evaluated similarly to those of permanent structures. Also, the change clarifies that new hoop houses are not allowed within the coastal zone + 1 mile buffer area.

3. Revise development restrictions on TP parcels to lower the 0.25-acre disturbance limit for pre-existing cannabis cultivation sites and to allow TP licenses on parcels with pre-existing legal commercial uses to the extent that no additional trees are removed.

#### *Implication*

This change would allow existing cannabis cultivation sites to continue operation on TP parcels with no expansion and no new grows on portions of TP sites where non-cannabis legal commercial uses previously existed. It will be a common circumstance that generally suitable, existing cultivation or commercial sites on TP will require some marginal amount of land disturbance, including brush or tree clearing, to prepare water tank pads, clear for fire protection, and improve access.

### *Alternatives*

Allow existing sites to continue, with the added requirement that sites must have existed prior to January 2013 to ensure that any sites cleared and planted during recent “green rush” episodes are not permitted in this manner. Allow limited additional tree clearing, no more than 5 trees total and no large trees of 40 inches diameter or more, and allow limited vegetation clearing of less than 5,500 square feet with a Timber Conversion permit as required by California Department of forestry and fire Protection.

An additional option would be to not allow any cannabis cultivation on TP-zoned property, which is maximally protective of timber resources, with the understanding that many long-time growers would likely be displaced or continue to grow without the benefit of licenses or land use permits.

4. Allow cannabis manufacture on C-2 zoned parcels, in the absence of an associated dispensary, with the granting of an exception by the Licensing Official.

#### *Implication*

The purpose of C-2 is to allow community-serving retail uses or small-scale commercial services to the general public. Allowing “non-retail” cannabis manufacturing activities in C-2 shopping is less suitable than in zones such as C-4. Using an exception process can introduce uncertainty for applicants, but would offer one pathway to being approved to operate in existing C-2 areas that may present, in their existing setting, more like C-4 parcels.

#### *Alternative*

Where property zoned Community Commercial (C-2) is suitable for light manufacturing and can accommodate cannabis manufacturing, county staff could provide guidance to applicants regarding the likelihood of support for a re-designation/rezoning of the parcel to C-4 or M. The County may be able to help streamline such rezoning applications when appropriate, and rezonings would be processed concurrently with cannabis development permit and license applications.

5. Increase required setback from cultivation operations from 100 to 200 feet from habitable structures on adjacent properties, subject to the granting of an exception. No exceptions allowed for setbacks of less than 100 feet.

#### *Implication*

For operations located less than 200 feet, physical barriers or topography may be present to the extent that an exception is warranted. Operations located less than 100 feet from an adjacent habitable structure are deemed to present a potential nuisance and will not be allowed.

6. Revise the definition of ‘canopy’ to address the issues of nursery stock.

#### *Implication*

Cultivators who wish to operate nurseries as part of their operation are currently penalized by having to adhere to the canopy limitations. Allowing additional layers of shelving for nursery stock without counting against the canopy limit will allow for a more diverse cultivation industry and help make cultivation sites economically feasible.

7. Eliminate the liability provisions within co-location and master plan provisions.

*Implication*

In a multi-tenant situation, it may be difficult for cannabis code enforcement staff to determine responsibility for violations such as improper waste storage or litter abatement; in these instances the property owner is typically brought into the enforcement action.

*Alternative*

Require co-location and master plan agreements to reference lease provisions for licensees to take responsibility for matters such as proper waste storage, litter abatement and other aspects of operations in compliance with permit and license conditions and requirements, and address methods of property owner determinations about responsibility among licensees in lieu of the county needing to make such determinations.

8. Allow for individuals associated with the cannabis operations other than just the licensee to occupy the required residence under a Master Plan.

*Implication*

Intent would be met to ensure that a responsible person associated with cannabis activities is present to oversee the site.

9. Revise generator restriction to allow permanently-installed generators on CA parcels.

*Implication*

Intent is to recognize common existing practice in commercial agricultural areas, and to maintain a prohibition of using generators to power homes, and to power other infrastructure in non-CA areas.

10. Revise restrictions on advertising to be consistent with the existing provisions of Chapter 7.130 for dispensaries and add restrictions on packaging materials containing cartoon characters or other features that attract or appeal to minors.

*Implication*

Intent is to further support efforts to restrict advertising in manners not oriented to minors.

In addition to addressing the above-referenced issues, staff made a number of other miscellaneous changes to further the Board's stated directions and intent, as reflected in the red-lined versions of the attached ordinances.

**Proposed General Plan/Local Coastal Program Amendments**

The General Plan/Local Coastal Program sets the broad policy basis for the more specific regulations in the County Code, and particularly for the zoning ordinance, Chapter 13.10. Proposed amendments to the General Plan/LCP are included as Exhibit F.

New Objective 2.2.1 is proposed to be added to the Land Use and Development Framework in order to create a structure for local regulation of cannabis activities that allows this use in some locations while protecting the environment, quality of life, and public health, safety and welfare. Policies to accomplish this objective include limiting the scale of cannabis manufacturing where it is allowed on land with a residential General Plan designation/zoning such as Residential Agriculture, limiting use of SU zoned land for cannabis activity, requiring that environmental impacts from existing cannabis sites be reduced before permits are

issued to the same operator for a new site, and policy to monitor the effect of the industry on the diversity of the County economy. An implementing program addresses the need for a robust cannabis enforcement program that addresses both unlicensed activities as well as licensed/permitted activities to ensure that they adhere to license and permit conditions.

In order to address the potential for excessive grading, Policy 6.3.12 is proposed to be added, including a provision recognizing that permits and licenses for cannabis may be denied where road, terracing, and other development will lead to excessive land disturbance. More specific parameters for addressing grading are included in the zoning ordinance, Chapter 13.10.

In order to prevent loss of timber resources, a modification to Policy 5.12.3, Conditional Uses on Timber Production zones, adds item (g), which states that commercial cannabis activity is allowed only on the non-timbered portions of a timber production parcel.

Lastly, new Policy 5.15.22 is proposed to be added to preserve the strength and diversity within the agricultural economy.

Pursuant to State law, tribal consultation was conducted regarding proposed County action. Five tribes were contacted and the consultation period closed on December 31, 2017 with no comments received.

#### **Best Management and Operations Practices Plan (BMOP)**

In order to eliminate or reduce the environmental impacts of non-retail commercial cannabis business operations, each license applicant will be required to comply with the provisions of the Cannabis BMOP (Exhibit G). Depending on a site's unique characteristics, the nature of the operations proposed and licenses sought, the Cannabis Licensing Office (with consultation from the Planning Department as needed) will determine which requirements apply to a cannabis operation. Provisions of the BMOP include, but are not limited to, protection of biotic and other environmental resources, grading restrictions, water efficiency standards and integrated pest management practices.

The BMOP shall be implemented prior to license issuance and will be reviewed at the time of annual license renewal. The BMOP may only be amended with the approval of the Planning Department and the Cannabis Licensing Official.

#### **Enforcement Program**

Staff recognizes that the Program cannot succeed without robust enforcement. Enforcement will consist of taking action against unlicensed cannabis operators and ensuring that licensed operations comply with all conditions of license and use approval. An Enforcement Program has been created (Exhibit H) that shall serve as a Administrative Guidelines for code enforcement staff within the Cannabis Licensing Office in performing their duties related to the goal of obtaining compliance, with Planning Department code compliance staff and other county enforcement officials becoming involves as may be warranted.

The Enforcement Program incorporates mitigations from the DEIR including an Annual Review and Monitoring Report to evaluate the number of cannabis-related complaints, enforcement actions and outcomes. The Enforcement Program includes provisions for prioritization of cases, addressing resource requirements, public outreach, and collaboration with state and local agencies.

## **Responses to Public Comments Received on Draft EIR regarding Cannabis Program Features and Impacts**

While the Draft EIR is not moving forward into a formal Final EIR Response to Comments document for certification, this section of this report provides information about the most common substantive questions and concerns made by the public. Also, all comments submitted regarding the Draft EIR during the two-month public review period have been made available on the Planning Department website.

For public comments received that provided input about desired content of licensing and zoning regulations, the currently proposed and attached ordinances can be considered the outcome of staff and Board evaluation of all of this type of input. The currently proposed ordinances and GP/LCP policies, along with the BMOP and Enforcement Program, are the result of balancing all of this input.

With regard to comments received from County citizens and public agencies that expressed concerns about potential impacts of the Cannabis Program on the environment, information about the most frequent concerns is presented below.

### **1. Health and Safety Impacts Related to Fire Danger**

Several of the recent wildland fires have been associated with illegal cannabis cultivation. Establishing regulations and strict standards, such as the prohibition from relying on generators as a primary source of power, will ensure that those growers who become licensed will conduct their operations in a safe manner, including obtaining required permits for all electrical systems and for all structures used for cannabis. A robust enforcement effort, in conjunction with CalFire and the County Sheriff, will help to ensure that unlicensed illegal cultivation sites are identified and eradicated.

Individual fire agencies will have an opportunity to review and set requirements for each individual project when the discretionary and building permits are routed to them, and the requirements must be built into the project.

Where existing roads do not meet minimum access standards, permit review will require them to be upgraded to facilitate evacuation and emergency vehicle site access; in situations where this is not possible or desirable then the County will be able to deny permit and license applications. Licensees will also be required to join road associations, where they exist, pay Transportation Improvement fees and provide transportation management plans. These measures will facilitate safer road conditions where cannabis activities are approved to operate.

### **2. Impacts to Timber Resources and Wildlife Resources**

While many community members called for banning cannabis cultivation on TP-zoned land, the reality is that many growers have operated on these sites for many years with little or no harm to the environment or timber resources. To accommodate those existing operators, the ordinance allows for continued operation with very minimal expansion on these sites, with restrictions on tree removal and land clearing.

Additionally, the BMOP requires biotic assessments for all sites that involve any land clearing, are deemed sensitive habitat or are potentially occupied by protected plant or animal species. Other requirements include minimizing site disturbance and grading. Because each project requires

environmental review under CEQA, further mitigation measures may be required to ensure no significant impacts to the environment.

Fencing rules have been revised in response to comment to reduce impacts to wildlife passage and to allow for less intrusive security barriers where feasible.

All licensees must submit a Lighting Plan for review and approval to minimize the negative impacts of lighting on wildlife and to ensure compliance with the International Dark Sky Association standards.

3. Impacts Due to Pesticide/Rodenticide Use

While the County has no authority to explicitly *prohibit* the use of chemicals in the control of pests, the BMOP requires cultivation license applicants to develop and execute an herbivory prevention plan to prevent crop vulnerability to wildlife predation. These plans will be required to include elements such as physical barriers at the base of the plants, mechanical traps, and owl boxes. Future efforts may include marketing and branding of Santa Cruz County cannabis products to provide a disincentive to the use of any chemicals in the cultivation process.

4. Impacts to Water Supply

All license and/or permit applicants will be required to demonstrate that they have a legal water source consistent with state and local regulations, including the County BMOP. Where water is supplied by a water agency, a letter indicating willingness to provide service will be required. Additionally, a water conservation plan is required for all cultivation licensees as well as a statement of diversion of surface water from a stream, river, underground river or other watercourse. Licensees must also enroll in Tier 1, 2, or 3 certification with the Central Coast Regional Water Quality Control Board. Trucked water is not allowed under the Program, other than for the initial filling of onsite water tanks.

5. Land Disturbance and Grading

In addition to existing language restricting grading and land disturbance County Code section 13.10.650(B)(5) has been added, which decreases current land clearing limits to zero for sites located within sensitive habitat areas, and 0.25 acres for other sites. Grading restrictions that have been added include restrictions on the use of terracing. The Best Management and Operational Practices Plan includes additional requirements for sediment control and revegetation of disturbed portions of all sites.

All licenses will be conditioned to require a Restoration Plan, which will help to ensure that sites which are no longer operational be restored to the greatest extent feasible. Additional conditions of permit approval may include a security deposit or other instrument to pay for restoration work in the event the cannabis operator does not comply.

## CONCLUSION

The proposed program to regulate cannabis cultivation, manufacture and distribution includes new and amended portions of the General Plan/LCP, new and amended County ordinances, requirements pertaining to operations and best management, and enforcement. Taken together these elements form a Program

that, consistent with State law, allows commercial cannabis activity in some locations while protecting neighborhoods, the environment, and public health and safety. The process has been informed by public input, feedback from public agencies, and preparation of a draft Environmental Impact Report.

Staff acknowledges that the proposed regulations are complex, and can be particularly challenging to absorb and understand. Staff from the Cannabis Licensing Office and the Planning Department will be available to explain and answer questions about the regulations. It is anticipated that public workshops will be held to offer further guidance to industry representatives as well as community members.

## **RECOMMENDATION**

It is recommended that the Planning Commission:

1. Adopt the Resolution included as "Exhibit A" recommending approval of the Cannabis Program to the Board of Supervisors.
2. Recommend filing the CEQA Notice of Exemption (Exhibit J) with the Clerk of the Board in conjunction with Board action on the Cannabis Program

## **Exhibits:**

- A. Resolution recommending approval of the Cannabis Program to the Board of Supervisors, including confirmation of Statutory Exemption applicable to adoption of the Program
- B. Proposed Ordinance, Chapter 7.128 – Clean
- C. Proposed Chapter 7.128 Amendments – Strikeout and Underline of Changes to conceptual regulations reviewed by Board of Supervisors on February 5, 2018
- D. Proposed Ordinance, Chapter 13.10 and 16.01.020 – Clean
- E. Proposed Chapter 13.10 and 16.01.020 Amendments – Strikeout and Underline of Changes to conceptual regulations reviewed by Board of Supervisors on February 5, 2018
- F. Proposed Amendments to General Plan and Local Coastal Program
- G. Draft Cannabis Activities Best Management and Operational Practices (BMOP) Guidelines
- H. Draft Cannabis Enforcement Program Administrative Guidelines
- I. Excerpts from CEQA Guidelines regarding Categorical Exemptions
- J. CEQA Notice of Exemption for Cannabis Program Adoption
- K. Staff Report for Board of Supervisor's Special Meeting of February 5, 2018 with attachments
- L. Public Correspondence from Board of Supervisors Special Meeting February 5, 2018, to Present

BEFORE THE PLANNING COMMISSION OF THE COUNTY OF SANTA  
CRUZ, STATE OF CALIFORNIA

RESOLUTION NO. \_ \_ \_

On the motion of Commissioner:  
Duly seconded by Commissioner:  
The following Resolution is  
adopted:

**PLANNING COMMISSION RESOLUTION RECOMMENDING REPEALING  
CHAPTER 7.128 OF THE SANTA CRUZ COUNTY CODE AND ADOPTING  
NEW CHAPTER 7.128 REGARDING LICENSES FOR NON-RETAIL  
COMMERCIAL CANNABIS BUSINESSES, AMENDMENTS TO SANTA  
CRUZ COUNTY CODE SECTIONS 13.10.700-C, 13.10.312, 13.10.322, 13.10.332,  
13.10.342, 13.10.382, 16.01.020 AND ADDING SECTION 13.10.650, AND  
AMENDING THE SANTA CRUZ COUNTY GENERAL PLAN/LOCAL  
COASTAL PLAN TO ADD OBJECTIVES 2.2.1, POLICIES 2.2.1.1, 2.2.1.2,  
2.2.1.3, 2.2.1.4, 5.15.22, 6.3.12, 6.3.13 AND PROGRAMS 2.2.1 a. AND b., AND TO  
MODIFY POLICY 5.12.3.**

The Santa Cruz County Planning Commission hereby finds and declares:

WHEREAS, the Planning Commission finds that the proposed amendments are consistent with the Santa Cruz County General Plan and all components of the Local Coastal Program; and

WHEREAS, the Planning Commission finds that the proposed amendments comply with the California Coastal Act; and

WHEREAS, SB 94 amended Business and Professions Code section 26055 to add subsection (h), which provides that the CEQA process does not apply to the adoption of an ordinance, rule, or regulation by a local jurisdiction that requires discretionary review and approval of applicants for permits, licenses, or other authorizations to engage in commercial cannabis activity, and that in order to qualify for this exemption, the discretionary review of applications provided for by any such law, ordinance, rule, or regulation shall include a requirement for any applicable environmental review pursuant to the CEQA process to occur prior to taking action on such applications; and

WHEREAS, the Planning Commission has held a duly noticed public hearing to receive testimony from the public and has considered such testimony and other evidence submitted.

EXHIBIT A

NOW, THEREFORE, BE IT RESOLVED, that the Planning Commission recommends that the Board of Supervisors confirm that a Notice of Exemption is appropriate under CEQA and directs the Notice of Exemption be filed with the County Clerk; and

BE IT FURTHER RESOLVED that the Planning Commission recommends that the proposed amendments to the Santa Cruz County Code, repealing Chapter 7.128 and adopting a new Chapter 7.128, amending other sections of Chapter 13.10 related to non-retail commercial cannabis business, amending Section 16.01.02 to add a definition of Environmental Coordinator, and amending the Santa Cruz County General Plan as presented and amended by this Commission on this date, be adopted by the Board of Supervisors.

PASSED AND ADOPTED by the Planning Commission of the County of Santa Cruz, State of California, this     day of     , 2018 by the following vote:

|          |                |
|----------|----------------|
| AYES:    | COMMISSIONERS: |
| NOES:    | COMMISSIONERS: |
| ABSENT:  | COMMISSIONERS: |
| ABSTAIN: | COMMISSIONERS: |

\_\_\_\_\_  
Chairperson

ATTEST: \_\_\_\_\_  
Secretary

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Office of the County Counsel

cc: County Counsel  
Planning Department

EXHIBIT A 1

**ORDINANCE REPEALING CHAPTER 7.128 OF THE SANTA CRUZ COUNTY CODE  
AND ADOPTING NEW CHAPTER 7.128 REGARDING LICENSES FOR NON-RETAIL  
COMMERCIAL CANNABIS BUSINESSES**

The Board of Supervisors of Santa Cruz County hereby finds and declares the following:

WHEREAS, in 1992 the voters of the County of Santa Cruz enacted Measure "A", adding Chapter 7.122 to the Santa Cruz County Code which declared support for making cannabis available for medical use; and

WHEREAS, in 1996, the voters of the State of California approved Proposition 215 (codified as California Health and Safety Code section 11362.5, and entitled "The Compassionate Use Act of 1996"), which enabled persons who are in need of cannabis for medical purposes to use it without fear of criminal prosecution under limited, specified circumstances; and

WHEREAS, in 2004, the Legislature enacted Senate Bill 420 (codified as California Health and Safety Code sections 11362.7 *et seq.*) to clarify the scope of Proposition 215, and to provide qualifying patients and primary caregivers who cultivate cannabis for medical purposes with a limited defense to certain specified State criminal statutes; and

WHEREAS, County Code Chapter 7.124 of the Santa Cruz County Code implements the provisions of Proposition 215 and Senate Bill 420 by establishing a medical cannabis identification card program operated by the County; and establishing local guidelines for the possession and cultivation of medical cannabis used by qualified patients and caregivers; and

WHEREAS, on or about September 11, 2015, the California Legislature approved Assembly Bill 266, Assembly Bill 243, and Senate Bill 643, together constituting the "Medical Marijuana Regulation and Safety Act," and subsequently renamed the "Medical Cannabis Regulation and Safety Act" (hereinafter "MCRSA"), which the Governor thereafter signed into law; and

WHEREAS, on December 8, 2015, the Board of Supervisors enacted an ordinance adding Chapter 7.128 to the Santa Cruz County Code, which created an interim licensing scheme to regulate the commercial cultivation of medical cannabis; and

WHEREAS, on November 8, 2016, the voters of the State of California enacted Proposition 64, the "Control, Regulate and Tax Adult Use of Marijuana Act" (the "AUMA"); and

WHEREAS, the stated purpose of the AUMA is to establish a comprehensive system to legalize, control, and regulate the cultivation, processing, manufacture, distribution, testing, and sale of nonmedical cannabis, including cannabis products, for use by adults 21 years and older, and to tax the commercial growth and retail sale of cannabis; and

WHEREAS, the AUMA creates a licensing system whereby the State will issue licenses to businesses authorizing them to cultivate, distribute, transport, store, manufacture, process, and sell nonmedical cannabis and cannabis products for adults 21 years of age and older, with such licenses to be issued starting January 1, 2018; and

WHEREAS, the AUMA mandates that State licensing authorities shall not approve an application for a State license if approval of the State license will violate the provisions of any local ordinance or regulation adopted in accordance with the requirements of the AUMA; and

WHEREAS, the AUMA states that nothing in it shall be interpreted to supersede or limit the authority of a local jurisdiction to adopt and enforce local ordinances to regulate businesses licensed under the AUMA, including, but not limited to, local zoning and land use requirements, business license requirements, and requirements related to reducing second hand smoke, or to completely prohibit the establishment or operation of one or more types of businesses licensed by the State within the local jurisdiction; and

WHEREAS, 69.89 percent of Santa Cruz County voters approved the passage of the AUMA; and

WHEREAS, on or about June 27, 2017, Governor Jerry Brown approved Senate Bill 94, a law designed to implement the provisions of the AUMA and synthesize it with the provisions of the MCRSA; and

WHEREAS, SB 94 amended Business and Professions Code section 26055 to add subsection (h), which provides that the CEQA process does not apply to the adoption of an ordinance, rule, or regulation by a local jurisdiction that requires discretionary review and approval of applications for permits, licenses, or other authorizations to engage in commercial cannabis activity, and that in order to qualify for this exemption, the discretionary review of applications provided for by any such law, ordinance, rule, or regulation shall include a requirement for any applicable environmental review pursuant to the CEQA process to occur prior to taking action on such applications; and

WHEREAS, (1) the unregulated cultivation, manufacture, and distribution of cannabis and cannabis products in the unincorporated area of Santa Cruz County can adversely affect the health, safety, and well-being of the county and its residents; and (2) comprehensive civil regulation of premises used for cannabis cultivation, manufacture, and distribution is proper and necessary to avoid the risks of criminal activity, degradation of the natural environment, obnoxious smells, indoor electrical fire hazards that may result from unregulated cannabis business activities, and related risks; and

WHEREAS, (1) it is the purpose and intent of this ordinance to implement State law by providing a means for regulating the cultivation, manufacture, and distribution of cannabis in a manner that is consistent with State law and regulations, and which balances the needs of consumers, residents, and businesses, and promotes the health, safety, and welfare of the residents and businesses within the unincorporated territory of Santa Cruz County; and (2) the intent and purpose of this ordinance is to establish reasonable regulations upon the manner in which cannabis may be cultivated, manufactured, and distributed, including restrictions on the location of non-retail commercial cannabis activities and the amount of cannabis that may be

cultivated, manufactured, or distributed at or from any location, in order to protect the environment, water supply, public health, safety, and welfare in Santa Cruz County; and

WHEREAS, by adopting the regulations contained in this ordinance, Santa Cruz County will achieve a significant reduction in the aforementioned harms caused or threatened by the unregulated cultivation, manufacture, and distribution of cannabis and cannabis products in the unincorporated area of the County; and

WHEREAS, no provision of the Chapter created by this ordinance shall be deemed a defense or immunity to any action brought against any person by Santa Cruz County, the Santa Cruz County District Attorney, the Attorney General of the State of California, or the United States of America.

NOW THEREFORE the Board of Supervisors of the County of Santa Cruz ordains as follows:

## **SECTION I**

The Santa Cruz County Code is hereby amended by deleting existing Chapter 7.128 in its entirety.

## **SECTION II**

The Santa Cruz County Code is hereby amended by adding new Chapter 7.128 to read as follows:

### **Chapter 7.128 Licenses For Non-Retail Commercial Cannabis Businesses**

Sections:

|                  |                                                                                             |
|------------------|---------------------------------------------------------------------------------------------|
| <b>7.128.010</b> | <b>Purpose.</b>                                                                             |
| <b>7.128.030</b> | <b>Definitions.</b>                                                                         |
| <b>7.128.050</b> | <b>Prohibited activities.</b>                                                               |
| <b>7.128.070</b> | <b>Creation of the Non-Retail Commercial Cannabis Business Licensing Program.</b>           |
| <b>7.128.090</b> | <b>License required.</b>                                                                    |
| <b>7.128.110</b> | <b>Cannabis cultivation licenses.</b>                                                       |
| <b>7.128.130</b> | <b>Cannabis manufacturing licenses.</b>                                                     |
| <b>7.128.150</b> | <b>Cannabis distribution licenses.</b>                                                      |
| <b>7.128.170</b> | <b>General requirements applicable to all non-retail commercial cannabis license types.</b> |
| <b>7.128.190</b> | <b>Denial or revocation of license; remedies.</b>                                           |
| <b>7.128.210</b> | <b>Enforcement.</b>                                                                         |
| <b>7.128.230</b> | <b>No duty to enforce.</b>                                                                  |

#### **7.128.010 Purpose.**

The purpose of this Chapter is to provide a licensing scheme to regulate non-retail commercial cannabis businesses engaged in the cultivation, manufacture, and distribution of cannabis and cannabis products in the unincorporated area of Santa Cruz County. It is also the purpose of this Chapter to mitigate the negative impacts and secondary effects associated with ongoing non-retail cannabis business activities including, but not limited to: demands placed on law enforcement and administrative resources; neighborhood disruption; cannabis sales to minors; robberies, burglaries, assaults, and other violent crimes; and the damage to the natural environment resulting from destructive cannabis cultivation, manufacturing, and distribution activities.

This Chapter is not intended to conflict with federal or State law. It is the intention of the County that this Chapter be interpreted to be compatible with federal and State enactments and in furtherance of the public purposes that those enactments encompass. In addition, this Chapter is not intended to regulate the non-commercial cultivation of cannabis, which is governed by SCCC Chapter 7.124.

#### **7.128.030 Definitions.**

As used in this Chapter, the following words and phrases shall have the meanings respectively ascribed to them by this section.

(A) "Applicant" means the person, firm, partnership, joint venture, association, corporation, limited liability company, estate, trust, business trust, receiver, syndicate, or any other group or combination acting as a unit (and the plural as well as the singular), submitting an application for a commercial cultivation, manufacturing or distribution license under this Chapter, consistent with the regulations set forth in this Chapter.

(B) "Approved on-site source" means a source of water on the parcel at issue for which the applicant has obtained 1) the permission of all persons holding a legal right to the use of that water; and 2) the permission of all relevant federal, State, and local government agencies having authority to control or regulate the use of that water.

(C) "Building" means any structure consisting of walls and a roof, which is used for the housing, shelter, or enclosure of persons, animals, chattels, or property of any kind.

(D) "Cannabis" means all parts of the plant *Cannabis sativa* Linnaeus, *Cannabis indica*, or *Cannabis ruderalis*, whether growing or not, as defined under the California Medical Cannabis Regulation and Safety Act at Health and Safety Code Section 19300.5(f), as may be amended.

(E) "Cannabis cultivation" means the planting, growing, developing, propagating, harvesting, drying, processing, curing, grading, trimming, packaging, or storage of, one or more cannabis plants or any part thereof in any location, indoor or outdoor, including within a fully enclosed and secure building. This definition should be read consistently with the definition for cannabis cultivation set forth in Chapter 13.10, to the extent there may be minor differences.

(F) “Cannabis distribution” means the activity of transporting cannabis or cannabis products between licensees, and any ancillary activity, such as packaging or labeling products, or storage between transport, that is conducted in association with the distribution activity. This definition should be read consistently with the definition for cannabis distribution set forth in Chapter 13.10, to the extent there may be minor differences.

(G) “Cannabis manufacture” shall mean production, preparation, propagation, or compounding of manufactured cannabis products either directly or indirectly, or by extraction methods, independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis, at a fixed location, including any storage, packaging, or repackaging of cannabis products in conjunction with manufacture. This definition should be read consistently with the definition for cannabis manufacture set forth in Chapter 13.10, to the extent there may be minor differences.

(H) “Cannabis manufacture facility”, “manufacture facility”, or “facility”, when used with reference to manufacture, means a structure(s) within which cannabis manufacture occurs.

(I) “Cannabis plant” means any mature or immature cannabis plant, or any cannabis seedling, unless otherwise specifically provided herein.

(J) “Cannabis product” means plant material that has been transformed, through a manufacture process whether by mechanical means and/or using solvents, into concentrated cannabis, or cannabis tinctures, edibles, drinks, topical salves, lotions or other materials containing cannabis or concentrated cannabis and other ingredients.

(K) “Canopy” means the designated area(s) at a licensed premises that will contain cannabis plants at any point in plant life stage, as follows: (1) Canopy shall be calculated in square feet and measured using clearly identifiable boundaries of all area(s) that will contain cannabis plants at any point in time, including all of the space(s) within the boundaries; (2) Canopy may be noncontiguous but each unique area included in the total canopy calculation shall be separated by an identifiable boundary that includes, but is not limited to, interior walls, shelves, greenhouse walls, hoop house walls, garden benches, hedgerows, fencing, garden beds, or garden plots; and (3) If cannabis plants are being cultivated using a shelving system, the surface area of each level shall be included in the total canopy calculation.

(1) Exception: In order to allow immature plants (starts and seedlings) to be cultivated for use on-site without impacting overall canopy limitations, where plants are stacked vertically using a shelving system, plants stacked above the first level of the shelving system will not be calculated as canopy. Only the first level of shelving will be calculated as canopy. However, in no case will flowering plants be excluded from the canopy limit, regardless of the size of the plants.

(L) “Closed-loop Extraction” means an extraction system that is designed to recover the solvents employed to extract cannabis that is built to codes of recognized and generally accepted good engineering standards, such as those of: (1) American National Standards Institute (ANSI); (2) American Society of Mechanical Engineers (ASME); (3) Underwriters Laboratories (UL); or (4) The American Society for Testing and Materials (ASTM).

(M) “Co-Location” means two or more different licensees operating on a single parcel, or two or more different licensees collectively operating on more than one parcel as part of an approved Master Plan, in order to reduce the overall impacts of development. Examples include two or more different cultivation licensees, or two or more different manufacturing licensees, operating on a single parcel, or four cultivation licensees operating on three adjacent parcels that are part of an approved Master Plan. “Co-Location” does not refer to a single person or entity holding more than one category of license (e.g., cultivation, manufacturing, and distribution) and operating on a single parcel.

(N) “Cultivation site” means a location where cannabis is cultivated, and includes any structures used for cultivation activities.

(O) “Distribution facility” or “facility”, when used with reference to cannabis distribution, means a structure(s), separate and apart from a cultivation site or manufacture facility, in which cannabis or cannabis products are stored for any length of time in the course of distribution.

(P) “Fence” means a wall or barrier connected by boards, masonry, rails, panels, or any other materials for the purpose of enclosing space or separating and securing parcels of land. For purposes of this Chapter, the term “Fence” does not include tarpaulins, scrap material, hedges, or bushes.

(Q) “Growing Area” means a specific area on a cultivation site where cannabis is grown.

(R) “Hazardous material” means any material as defined in California Health and Safety Code Section 25501(n), as may be amended.

(S) “Hoop house” means an agricultural shade structure as described in SCCC Section 12.10.315.

(T) “Indoor” or “indoors” means any area that is contained within an enclosed structure that contains exterior walls and a roof, including any structure that may be open to the elements periodically by way of retracting the walls or the roof. For purposes of this Chapter, any structure that is serviced by utilities for powering grow lights, fans, etc., is considered “indoors.” In addition, any structure that is considered “mixed-light” for purposes of State licensure is considered “indoors” for purposes of this Chapter.

(U) “Infused product” means a product created through a process by which cannabis, cannabinoids, or cannabis concentrates are directly incorporated into an existing product to create a cannabis product, e.g., an edible (such as a baked good, tincture, or vape pen) or a topical (such as a lotion, salve, or soap) product.

(V) “License” means the written evidence of permission given by the Licensing Official for a licensee to engage in non-retail cannabis business activity. “License” does not mean “permit” within the meaning of the Permit Streamlining Act, and a license does not constitute a permit that runs with the land on which the cannabis business activity takes place.

(W) “Licensee” means the person or entity holding a valid license to engage in non-retail cannabis business activity under this Chapter.

(X) “Licensing Official” means the official appointed by the County Administrative Officer who is responsible for implementing the provisions of this Chapter.

(Y) “Master Plan” means a plan approved by the Licensing Official to allow multiple licensed cannabis businesses located on adjacent parcels to share infrastructure in order to reduce environmental impacts. For example, licensees who are part of an approved Master Plan may be able to share infrastructure available on one parcel that would otherwise be required for each individual parcel.

(Z) “MAUCRSA” refers to the California Medicinal and Adult-Use Cannabis Regulation and Safety Act, Senate Bill No. 94, approved by the Governor on June 27, 2017, as may be amended.

(AA) “Non-retail cannabis business activity” means cannabis business activity that does not involve sales to retail consumers. Retail sales of cannabis and cannabis products directly to consumers are governed by the dispensary regulations set forth in SCCC Chapter 7.130.

(BB) “Non-volatile extraction” shall include: (1) mechanical extraction (e.g., cold water, heat press); (2) chemical extraction using a food-grade non-volatile solvent such as a non-hydrocarbon-based solvent or other solvent such as water, vegetable glycerin, vegetable oils, animal fats, or food-grade glycerin; (3) chemical extraction using a professional closed-loop CO2 gas extraction system.

(CC) “Non-volatile solvent” means any solvent used in the extraction process that is not a volatile solvent. This includes, but is not limited to, carbon dioxide and ethanol.

(DD) “Outdoor” or “Outdoors” means any area that is not “indoors” as defined in this Chapter.

(EE) “Owner” means any of the following:

(1) A person with an aggregate ownership interest of 20 percent or more in the person applying for a license or a licensee, unless the interest is solely a security, lien, or encumbrance.

(2) The chief executive officer of a nonprofit or other entity.

(3) A member of the board of directors of a nonprofit.

(4) An individual who will be participating in the direction, control, or management of the person applying for a license.

(FF) “Parcel” means that unit of land assigned a unique Assessor’s Parcel Number by the County Assessor, whether vacant or occupied by a building, group of buildings, or accessory buildings, and includes the buildings, structures, yards, open spaces, lot width, and lot area. The Licensing Official shall have the discretion to consider contiguous parcels under common ownership as a single parcel for purposes of this Chapter, where appropriate.

(GG) “Program” means the Non-Retail Commercial Cannabis Business Licensing Program created by this Chapter.

(HH) "Residence" means a fully enclosed structure or structures, including any attached garage, used as a dwelling unit. "Residence" does not include a detached ancillary structure, such as a shed, barn, etc.

(II) "SCCC" means Santa Cruz County Code.

(JJ) "Structure" shall have the meaning ascribed by SCCC Section 13.10.700-S.

(KK) "Volatile extraction" involves chemical extraction using volatile solvents.

(LL) "Volatile solvent" means a solvent that is or produces a flammable gas or vapor that, when present in the air in sufficient quantities, will create explosive or ignitable mixtures. Examples of volatile solvents include, but are not limited to, butane, hexane, and propane.

(MM) The following words or phrases when used in this section shall be construed as defined in California Health and Safety Code Section 11362.7, as may be amended: "qualified patient;" "identification card;" "person with an identification card;" and "primary caregiver."

#### **7.128.050 Prohibited activities.**

(A) Other than as specifically allowed under the terms of this Chapter, it is unlawful and shall constitute a public nuisance for any person to cultivate cannabis for commercial purposes without 1) a currently valid local license required by this Chapter; and 2) a currently valid State license required under California law. For regulations on the cultivation of cannabis for non-commercial purposes, see SCCC Chapter 7.124.

(1) Exception: A cultivation site granted an exemption by the Planning Director pursuant to SCCC Section 13.10.670(G) as enacted by Ordinance No. 5090 (now repealed), is exempt from this section, as long as the area subject to cultivation is not expanded or enlarged beyond what existed on January 1, 2010 at the location where the exemption was granted. The holder of the exemption may move its location to another site in the County, as long as the area subject to cultivation does not exceed what existed on January 1, 2010 at the location where the exemption was originally granted, and as long as the new site meets all other requirements of this Chapter, other than those specifically waived by the Licensing Official.

(B) It is unlawful and shall constitute a public nuisance for any person to manufacture cannabis products, including but not limited to edible products (e.g., beverages and food products), topical products (e.g., lotions, salves, etc.), and cannabis concentrates without 1) a currently valid local license required by this Chapter; and 2) a currently valid State license required under California law.

(C) It is unlawful and shall constitute a public nuisance for any person to distribute cannabis or cannabis products without 1) a currently valid local license required by this Chapter; and 2) a currently valid State license required under California law.

(D) It is unlawful and shall constitute a public nuisance for any person owning, leasing, occupying, or having charge or possession of any parcel within the County to cause or allow

such parcel to be used for any activity prohibited by this Chapter.

**7.128.070 Creation of the Non-Retail Commercial Cannabis Business Licensing Program.**

(A) There is hereby created the Non-Retail Commercial Cannabis Business Licensing Program. The Program shall be operated by the Licensing Official. The Licensing Official shall be designated by the County Administrative Officer.

(B) The Licensing Official shall take the necessary steps to build and manage the Program. This includes, but is not limited to, accomplishing the following tasks:

- (1) Creating application forms for licensees;
- (2) Conducting pre-licensure inspections;
- (3) Approving, conditionally approving, and denying license applications;
- (4) Issuing, renewing, and revoking licenses;
- (5) Creating a system on the County's website to communicate the number of licenses issued and to notify the public as to whether applications for licenses are being accepted;
- (6) Establishing administrative policies, procedures, rules, and regulations necessary to implement the Program consistent with this Chapter;
- (7) Collecting fees necessary to implement the Program; and
- (8) Working with other County officials and staff to ensure that licensees comply with all aspects of the County Code, including but not limited to any necessary permits required under SCCC Title 12 (Building Regulations), Title 13 (Planning and Zoning Regulations), and Title 16 (Environmental and Resource Protection).

**7.128.090 License required.**

(A) Original License.

(1) Submission Of The Application.

(a) An application for an original license under this Chapter shall be made on the forms designated for that purpose promulgated by the Licensing Official, and shall include all required information, attachments, and signatures required by the Licensing Official. The forms shall be submitted under penalty of perjury, and shall include, but not be limited to, the following information:

(i) The names of the applicant(s) and the owner(s) of the proposed non-retail commercial cannabis business;

(ii) The exact location by street address and Assessor's Parcel Number(s) where the non-retail commercial cannabis business activity will take place;

(iii) The applicants' and owners' waiver and release of the County from any and all liability for monetary damages related to or arising from the application for a license, the issuance of the license, the denial of the license, or the enforcement of the conditions of the license, including a complete defense and indemnification of the County from any third-party action related to the issuance of a license;

(iv) A copy of all applications submitted for State licensure of cannabis business operations;

(v) Background information as determined by the Licensing Official, including but not limited to a statement that the applicant(s) and owner(s) have submitted to a Live Scan background check no earlier than thirty days prior to the date the application is submitted;

(vi) Tax identification information;

(vii) Security plans;

(viii) Information regarding submittal of applications for required land use and/or building permits;

(ix) If the application concerns cultivation, a map containing the location of the growing area (cultivation should take place in a single growing area where total garden canopy may be easily measured, or as few areas as reasonably possible, rather than spread throughout the parcel);

(x) Identification of previous law enforcement and/or code enforcement activity at the premises related to cannabis;

(xi) A completed Best Management and Operational Practices Plan consistent with the provisions of SCCC Section 13.10.650(B)(3);

(xii) Such other information as required under this Chapter, or as the Licensing Official deems reasonably necessary for the County's thorough review of the application.

(2) Review Of The Application.

(a) Upon receipt of an application for an original license and all required fees, the Licensing Official shall create a Licensing File related to the application, and will evaluate the application for consistency with this Chapter and other applicable County, State, and federal laws and regulations. The Licensing Official shall inform the applicant of any deficiencies which must be addressed prior to processing. After determining that the application is sufficient for processing purposes, the Licensing Official shall conduct a physical inspection of the site where the proposed non-retail commercial cannabis business activity will occur to determine

whether it meets the requirements of this Chapter. The Licensing Official shall be the custodian of the Licensing File. The Licensing File is a public record within the meaning of the California Public Records Act.

(i) As part of the inspection outlined above, the Licensing Official shall take photos of the proposed site of the cannabis business operations and keep a copy of those photos with the Licensing File for enforcement purposes.

(b) Required Findings. Issuance of a license is a discretionary act. No applicant is automatically entitled to receive a license based solely on meeting the basic requirements of this Chapter. In order to issue an original license, the Licensing Official must make the following findings:

(i) Issuance of the license will be consistent with all requirements set forth in this Chapter and all administrative rules and regulations then in place, and either none of the grounds for denial under SCCC Section 7.128.190(A) exist, or the approval of the license will be subject to an enforceable condition(s) resolving any existing grounds for denial.

(ii) Issuance of the license will not create or maintain a nuisance, or be otherwise detrimental to public health, safety, or welfare.

(iii) The applicable environmental review pursuant to Division 13 (commencing with Section 21000) of the Public Resources Code (the CEQA process) has been completed, and that issuance of the license will not have a significant, unmitigated effect on water supply, biotic resources, or other sensitive environmental resources.

(iv) The applicant has obtained all permits required under the Santa Cruz County Code (development, building, grading, etc.) and any other applicable jurisdiction for the land use authorized under the license (including, but not limited to, rules specific to location and public notice).

(3) Grant Or Denial Of The License.

(a) After concluding the required pre-license investigation, the Licensing Official shall notify the applicant in writing whether the license has been granted, conditionally granted, or denied, including any reasons for denial.

(b) Conditions. The Licensing Official is authorized to impose conditions on the license at the time it is granted in order to ensure the proposed business activity will meet the intent and requirements of this Chapter and other applicable provisions of the Santa Cruz County Code.

(4) Length Of Time The Original License Is Valid.

The original license shall expire one year after it is issued. If a licensee wishes to continue business operations after expiration of the original license, the licensee must obtain a renewal license, as set forth below in section 7.128.090(B).

(B) Renewal License.

(1) Requirement To Obtain A Renewal License.

(a) In order to continue business operations after the original license expires, a licensee must obtain a renewal license. A renewal license must be obtained annually via an application form designated for that purpose. It is incumbent on the holder of a license to ensure that the license is renewed before license expiration in order to continue business operations.

(b) Renewal license applications must be submitted at least 90 days before an existing license expires. The Licensing Official is not authorized to accept an untimely renewal license application.

(c) Each renewal license is valid for a one year period from the date it is issued. If a licensee wishes to continue business operations after expiration of the renewal license, it must obtain a new renewal license per the terms of this section.

(2) Submission Of The Renewal License Application.

An application for a renewal license shall be made on the forms designated for that purpose promulgated by the Licensing Official, and shall be accompanied by the applicable fees set forth in the Unified Fee Schedule. The forms shall be submitted under penalty of perjury, and shall include, but not be limited to, the following information:

(a) The information required for the submission of an original license under section 7.128.090(A);

(b) Identification of any changes to the information the applicant submitted on the original license application, including but not limited to any proposed changes to the business operations (including growing area if the application concerns a cultivation site);

(c) Any law enforcement, license enforcement, or other code enforcement activity related to the licensee's operations during the past calendar year;

(d) A representation that the applicant continues to hold in good standing any license required by the State of California for non-retail commercial cannabis business activities;

(e) A representation that the applicant continues to hold in good standing any land use permits required by the County of Santa Cruz to permit the specific type of land use at issue in the application; and

(f) Such other information as the Licensing Official deems reasonably necessary to a thorough review of the application.

(3) Review Of The Renewal License Application.

(a) Upon receipt of an application for a renewal license, the Licensing Official shall update the licensee's Licensing File and perform whatever investigation the Licensing

Official deems necessary to determine whether to grant, conditionally grant, or deny the renewal license. The investigation may include a physical inspection of the licensee's business operations and facilities, at the discretion of the Licensing Official, to determine whether the licensee remains in compliance with the regulations of this Chapter.

(b) Issuance of a renewal license is a discretionary act. No applicant is automatically entitled to receive a renewal license based solely on meeting the basic requirements of this Chapter. It is not necessary for the Licensing Official to issue findings before granting a renewal license to an applicant who is requesting to maintain already-approved business operations. However, if a renewal license applicant is seeking to change business operations in any substantive respect (e.g., increasing operating hours, increasing employees, increasing size of authorized operations, etc.), the Licensing Official must make the findings required under Section 7.128.090(A)(2)(b) before approving the renewal license application.

(c) If any physical changes are proposed at the cannabis business facility, the Licensing Official shall conduct an inspection of the proposed changes to ensure that the licensee will remain compliant with the regulations of this Chapter and other applicable provisions of the Santa Cruz County Code if a renewal license is granted. As part of this mandatory inspection, the Licensing Official shall take photos of the specific location of the proposed changes and keep a copy of those photos with the Licensing File for enforcement purposes. Any change in the location of the cannabis business operations area shall comply with all conditions and restrictions of any use or development permit issued under SCCC Chapter 13.10, or approval of a permit amendment shall be required for such change prior to issuance of the renewal license.

(4) Grant Or Denial Of The Renewal License.

(a) The Licensing Official shall notify the applicant in writing of whether the renewal license has been granted, conditionally granted, or denied, including any reasons for denial.

(b) The Licensing Official is authorized to impose new or additional conditions on the renewal license at the time it is granted in order to ensure that all cannabis business activities will meet the requirements of this Chapter and other applicable provisions of the Santa Cruz County Code.

(C) Amending A License.

Licensees may submit an application to amend an existing license on a form promulgated by the Licensing Official for that purpose. Applications to amend a license will be reviewed by the Licensing Official in a manner consistent with the review of original and renewal license applications. Granting an application to amend a license is a discretionary act. If an applicant is seeking to amend a license to change business operations in any substantive respect (e.g., increasing operating hours, increasing employees, increasing size of authorized operations, etc.), the Licensing Official must make the findings required under Section 7.128.090(A)(2)(b) before granting the application to amend the license. In addition, any such change shall comply with all conditions and restrictions of any use or development permit issued under Chapter 13.10, or an approved permit amendment shall be required for such change prior to issuance of the license amendment. No change may occur until an amendment has been granted and any applicable

County permits are obtained. If changes trigger other jurisdictions' requirements, the applicant is responsible for obtaining authorizations, permits, or the like in advance of making any changes to a cannabis business operation.

(D) Co-Location Of Licensees.

(1) The Licensing Official is authorized to approve the Co-Location of licensees in order to minimize the impacts associated with cannabis business operations. Licensees may be co-located regardless of license type, as long as each licensee meets all of the requirements set forth in this Chapter for that licensee's individual license type. Licensees may also be co-located with a dispensary licensed under Chapter 7.130 if all business activities meet all requirements of this Chapter and Chapter 7.130. The operations of co-located licensees cannot exceed those authorized under the use or development permits granted under SCCC Chapter 13.10 for the site at issue. Limitations on size and scope of operations for co-located businesses are set forth in detail in specific parts of this Chapter, where applicable.

(2) Applicants seeking to co-locate must submit a written "Co-Location Agreement" signed by each potential licensee and the property owner.

(E) Master Plan Operations.

(1) In order to minimize the impacts associated with cannabis business operations the Licensing Official is authorized to approve a Master Plan operation comprised of multiple licensed cannabis businesses operating on adjacent parcels and sharing infrastructure that would otherwise be individually required if the businesses were operating alone. Licensees may be involved in a Master Plan regardless of license type, as long as each licensee meets all of the requirements set forth in this Chapter for that licensee's individual license type.

(2) Applicants seeking approval of a Master Plan must submit a proposed "Master Plan Agreement" to the Licensing Official. The agreement must be approved by the Licensing Official and signed by each potential licensee and the property owner before approval of the Master Plan.

(3) At least one individual responsible for cannabis operations (either a licensee or a managing employee of a licensee) must reside in a permitted residence on one of the parcels that participate in the Master Plan.

(4) The Licensing Official shall develop administrative policies and procedures for the effective implementation of this section, as well as rules to regulate Master Plans in a way that furthers the policies of sharing infrastructure, ensuring security and operations compatible with the surrounding neighborhood, and reducing environmental impacts.

(F) Vertical Integration.

Nothing in this Chapter shall prohibit a single person or entity from holding more than one category of license, provided the licensee obtains all required licenses and otherwise complies with the terms of this Chapter and all other applicable provisions of the Santa Cruz County Code.

(G) Application Fees And License Fees.

(1) Application Fees.

All work performed in reviewing applications, consulting with the applicant, conducting site inspections, and making determinations on the application shall be billed to the applicant on an at-cost basis. An application for a license must be accompanied by a deposit as set forth in the Unified Fee Schedule. If the deposit is exhausted before work on the application is completed, the Licensing Official shall obtain a further deposit before performing more work on the application. At the conclusion of the Licensing Official's work, the Licensing Official will either refund the remaining balance, or bill the applicant for any overage. No license shall be granted until all application fees have been paid in full.

(2) License Fees.

A license shall not be granted to an applicant under this Chapter until the applicant has paid a non-refundable license fee as set forth in the Unified Fee Schedule. The purpose of this fee is to pay for the costs of administering and enforcing the Program regulations related to licensure that are not covered by application fees.

(H) Required Statements On Licenses.

All licenses issued by the Licensing Official must contain the signature of the owner(s) of the license. In addition, all licenses shall contain the following statements, displayed prominently on the license itself:

(1) An acknowledgement that persons engaging in cannabis business activity may be subject to prosecution under federal laws;

(2) An acknowledgment that, by accepting the license and engaging in cannabis business activities, the Licensee: (a) has released the County from any and all liability for monetary damages related to or arising from the application for a license, the issuance of the license, the enforcement of the conditions of the license, the revocation of the license, or any federal action related to the license; and (b) shall defend, indemnify and hold harmless the County and its officers, agents, and employees from and against any claim (including attorney's fees) against the County, its officers, employees or agents to attack, set aside, void or annul the approval of the license or any subsequent renewal or amendment of the license; and

(3) Any other statements deemed necessary by the Licensing Official.

**7.128.110 Cannabis cultivation licenses.**

(A) License Categories.

The following categories of local cannabis cultivation licenses are created under this Section.

(1) Class CA licenses for cultivation taking place on parcels zoned CA (Commercial

Agriculture) per the Santa Cruz County Zoning Ordinance (SCCC Section 13.10.311 *et seq.*).

(2) Class A licenses for cultivation taking place on parcels zoned A (Agriculture) per the Santa Cruz County Zoning Ordinance.

(3) Class RA licenses for cultivation taking place on parcels zoned RA (Residential Agriculture) per the Santa Cruz County Zoning Ordinance, and for cultivation taking place on parcels zoned SU (Special Use) with a General Plan land use designation of “AG” (Agriculture).

(4) Class C-4 licenses for cultivation taking place on parcels zoned C-4 (Commercial Services) per the Santa Cruz County Zoning Ordinance.

(5) Class M licenses for cultivation taking place on parcels zoned M-1 (Small Light Industrial), M-2 (Light Industrial), or M-3 (Mineral Extraction Industrial) per the Santa Cruz County Zoning Ordinance, and for cultivation taking place on parcels zoned SU (Special Use) with a General Plan land use designation of “I” (Heavy Industry) or “Q” (Quarry).

(6) Class TP licenses for cultivation taking place on parcels zoned TP (Timber Production) per the Santa Cruz County Zoning Ordinance.

(B) General Eligibility Restrictions For Cultivation Licenses.

(1) In order to be eligible to apply for an original license for an existing or proposed cultivation site, the applicant must have participated in the County’s 90-day registration process carried out in 2016 (including the completion of a registration form) and must have obtained acknowledgment of registration from the Licensing Official. The Licensing Official shall reject any application for an original license by an applicant who did not participate in the County’s registration process.

(a) Exception: The registration process was and is voluntary for those persons or entities with a documented history of over 3 years of commercial farming or agricultural production unrelated to cannabis production in the CA zone district in Santa Cruz County prior to November 2016.

(b) Exception: The registration process was and is voluntary for the operator of a cultivation site granted an exemption by the Planning Director pursuant to SCCC Section 13.10.670(G) as enacted by Ordinance No. 5090 (now repealed).

(2) Cultivation licenses may only be issued to applicants who provide the Licensing Official with sufficient reliable evidence documenting that they 1) have been cultivating cannabis in Santa Cruz County since before January 2013; or 2) have been engaged in commercial farming or agricultural production unrelated to cannabis production for over 3 years in the CA zone district in Santa Cruz County prior to November 2016, and are applying for a Class CA license.

(3) Class TP Licenses are limited to those applicants who meet the additional land use requirements of Chapter 13.10, which concern pre-existing commercial uses and cultivation activity, the placement of cultivation activities, site disturbance, and tree removal.

(4) No license may be issued to cultivate cannabis on a parcel unless the cultivator or cultivation manager resides in a permitted residence on the parcel. This provision does not apply to Class CA, C-4, and M License types, or certain licensed cultivation sites that are part of an approved Master Plan pursuant to section 7.128.090(E).

(5) No license may be issued to cultivate cannabis on a parcel that has active violations of the Santa Cruz County Code, including but not limited to those sections related to grading, building, zoning, environmental, or fire code violations.

(6) No license may be issued to cultivate cannabis on publicly owned land.

(C) Canopy Limits.

(1) Each licensee shall be subject to the following limits on maximum canopy, based on license class. The Licensing Official may place additional or further restrictions on canopy size to maintain consistency with other laws, agricultural uses, and neighborhood compatibility.

(a) Class CA License. Size of canopy allowed, subject to approval of the Licensing Official:

(i) For single licensees on a single parcel, up to 2.5 percent of the size of the parcel, not to exceed twenty-two thousand (22,000) square feet.

(ii) For Co-Location on parcels smaller than 20 acres, up to 5 percent of the size of the parcel, not to exceed one acre total among all licensees.

(iii) For Co-Location on parcels 20 acres or larger where cultivation takes place solely within permitted structures existing as of November 2016, canopy limits will be set by the Licensing Official. For Co-Location on parcels 20 acres or larger where cultivation is conducted outdoors or requires new structural development, up to 5 percent of the size of the parcel, not to exceed two (2) acres total among all licensees.

(b) Class A License: Size of canopy allowed, subject to approval of the Licensing Official:

(i) For single licensees on a single parcel, up to 1.5 percent of the size of the parcel, not to exceed ten thousand (10,000) square feet.

(ii) For Co-Location on parcels smaller than 20 acres, up to 3 percent of the size of the parcel, not to exceed ten thousand (10,000) square feet total among all licensees.

(iii) For Co-Location on parcels 20 acres or larger, up to 1.5 percent of the size of the parcel, not to exceed twenty-two thousand (22,000) square feet among all licensees.

(c) Class RA License: Size of canopy allowed, regardless of whether the parcel is occupied by one licensee or Co-located licensees, subject to approval of the Licensing Official:

(i) Up to 1.25 percent of the size of the parcel, not to exceed five thousand one hundred (5,100) square feet on parcels between five and ten acres in size.

(ii) Up to 1.25 percent of the size of the parcel, not to exceed ten thousand (10,000) square feet on parcels larger than ten acres.

(d) Class C-4 and Class M Licenses: Size of canopy allowed, regardless of whether the parcel is occupied by one licensee or Co-located licensees, subject to approval of the Licensing Official:

(i) Not to exceed twenty-two thousand (22,000) square feet.

(ii) The cumulative total amount of garden canopy approved for licensure by all licensees under the Class C-4 and Class M Licenses shall not exceed one hundred thousand (100,000) square feet for the unincorporated area of the county. Once this amount is reached, the Licensing Official shall provide a report to the Board of Supervisors with a recommendation on whether this limitation should be adjusted.

(e) Class TP Licenses: Size of canopy allowed, regardless of whether the parcel is occupied by one licensee or Co-located licensees, subject to approval of the Licensing Official:

(i) Up to 1.25 percent of the size of the parcel, not to exceed five thousand one hundred (5,100) square feet on parcels between five and ten acres in size.

(ii) Up to 1.25 percent of the size of the parcel, not to exceed ten thousand (10,000) square feet on parcels larger than ten acres.

(iii) With a TP License, canopy may only expanded on eligible sites to the maximum size identified in (i) and (ii) above upon specific application to expand, and only in conjunction with the additional restrictions set forth in SCCC Section 13.10.650(B)(9)(b).

(D) Restrictions Related To Cannabis Cultivation Operations.

(1) Cannabis plants shall not be visible from any adjacent public right-of-way.

(2) No lighting for cultivation purposes, except that necessary for security, shall be visible at cultivation sites from sunset to sunrise.

(3) Occupied residences located on parcels with cultivation sites must comply with all applicable County ordinances, including but not limited to use of water, power, septic, and fire suppression.

(4) If cannabis cultivation occurs outdoors, the growing area must be fully secured. The Licensing Official shall determine whether the area shall be enclosed within an opaque fence at least six feet in height, including a locked gate to prevent unauthorized entry, or whether no fencing, or alternative fencing, including but not limited to alternative height, material, and location, will be approved on a case-by-case basis.

(5) Burning of cleared cannabis vegetation, excess plant material, or cannabis vegetative waste is prohibited.

(6) Cannabis shall not be cultivated in violation of SCCC Section 7.31.030 (prohibition on cultivation of genetically engineered crops).

(7) Employees at cultivation sites must be at least 18 years of age. Employees under the age of 21 must receive specialized training and education to be specified by the Licensing Official.

(8) Licensees must comply with all requirements of the MAUCRSA relating to cultivation.

(9) Licensees are prohibited from manufacturing cannabis products at a cultivation site (edibles, tinctures, rosin, salves, etc.) unless the licensee also has a local manufacturing license for that specific site.

(10) Cannabis shall not be cultivated indoors unless all land use and building code requirements are met. Moreover, the applicant shall provide written certification from a licensed electrician that any electrical improvements associated with cultivation will comply with the California Building Codes to ensure that the growing operations can be carried out safely.

(11) Cannabis shall not be cultivated indoors where plants or lights used for growing purposes are visible from a public right-of-way, an adjacent private right-of-way with public access, or a habitable structure.

(12) No alcohol, narcotics, or cannabis may be consumed at the cultivation site.

#### **7.128.130 Cannabis manufacturing licenses.**

##### **(A) License Categories.**

The following categories of local cannabis manufacturing licenses are created under this Section.

- (1) Class 1: Manufacture of infused products, without engaging in any extraction activities.
- (2) Class 2: Manufacture of cannabis products involving extraction using nonvolatile solvents or no solvents. This license category may also include infusion.

- (3) Class 3: Manufacture of cannabis products with extraction using volatile solvents. This license category may also include infusion, and extraction using nonvolatile solvents or no solvents.

**(B) Restrictions Related To Cannabis Manufacturing Operations.**

(1) Cannabis manufacturing licenses may only be issued for activities undertaken in the following zone districts, consistent with the additional limitations and approvals required by this Chapter and SCCC Chapter 13.10, as applicable: CA (Commercial Agriculture), A (Agriculture), RA (Residential Agricultural), TP (Timber Production), C-2 (Community Commercial), C-4 (Commercial Services), M-1 (Light Industrial), M-2 (Heavy Industrial), M-3 (Mineral Extraction Industrial), and SU (Special Use). Licenses issued on parcels in the SU zone district are further restricted as set forth in SCCC Section 13.10.382(C)(2).

(2) Licenses for manufacturing activities may only be issued where the manufacturing activities are ancillary to licensed commercial cultivation on the parcel, except for in the CA, C-4, and M zone districts, and on parcels in the SU zone district with a General Plan designation of "Q" (Quarry).

(3) Multiple licensees may be Co-Located (e.g., commercial kitchen facilities, or cannabis extraction facilities) in accordance with the limits established in SCCC Chapters 7.128 and 13.10, contingent upon all licensees receiving and maintaining valid and active licenses (both local and State) for all operations, as well as any other required discretionary development permits, building permits, and other required permits.

(4) Import of cannabis material from a licensed California cultivator, manufacturer, or distributor, used to support manufacturing activity, is permitted in all zones in which manufacturing is an allowed or permitted use, subject to the limitations set forth in SCCC Chapter 13.10.

(5) No cannabis used in manufacture may be sourced from an unlicensed cultivator, manufacturer, or distributor. Licensed manufacturers may only sell their product within the State of California to other licensed cannabis businesses and may not sell product directly to consumers.

(6) The licensee must maintain at the facility complete and accurate records of all raw and/or cannabis extract source material used in manufacture processing with all source identification information, to include origin, operator/supplier name, location, address, state and local license information, and quantity of product in manufacture.

(7) The production of edible products must take place within a permitted commercial grade kitchen facility. Non-cannabis products may not be produced at the same kitchen facilities where cannabis products are produced. Production of edibles in the shape of a human, animal, or fruit is prohibited.

(8) All cannabis products, food products, food storage facilities, food-related utensils, and equipment and materials used in the manufacture process shall be approved, used, managed, and handled in accordance with California Department of Public Health requirements. All food

products and cannabis products shall be protected from contamination at all times. All food handlers must be clean, in good health, free from communicable diseases, and must obtain any food handling certification required by the State of California before handling food products.

(9) County of Santa Cruz Environmental Health officials may impose any additional restrictions or requirements as required to ensure public health, and may inspect any portion of the commercial cannabis manufacture facility at any time during normal business hours to ensure compliance with this Section.

(10) All items to be sold or distributed retail shall be packaged as required by the California Department of Public Health.

(11) All solvent-based extraction of cannabis oils, resins, or other compounds from cannabis plants, manufacture of cannabis products, and packaging of manufactured cannabis products for sale to or use by the public, shall be carried out in accordance with the provisions of the MAUCRSA, any requirements set by the California Department of Public Health, Office of Manufactured Cannabis Safety (OMCS), all requirements of this Chapter, all requirements of other applicable local and State laws, and all administrative rules and regulations promulgated by the Licensing Official. This includes, but is not limited to, compliance with all laws and regulations related to zoning and land use, environmental resources, natural resource protection, water quality, water supply, hazardous materials, pesticide use, wastewater discharge requirements, and any permit or right necessary to divert water.

(12) Class 2 and 3 licensees may only carry out chemical extractions (e.g., using CO<sub>2</sub> or volatile solvents) using a professional closed loop extraction system.

(a) The closed-loop system shall be commercially manufactured and bear a permanently affixed and visible serial number. The system shall be certified by a qualified California-licensed engineer (e.g., mechanical engineer, electrical engineer, etc.) that the system was commercially manufactured, safe for its intended use, and built to codes of recognized and generally accepted good engineering practices, such as:

- (i) The American Society of Mechanical Engineers (ASME);
- (ii) American National Standards Institute (ANSI);
- (iii) Underwriters Laboratories (UL); or
- (iv) The American Society for Testing and Materials (ASTM).

Professional closed loop systems, other equipment used, the extraction operation, and facilities must be approved for use by the local fire code and building officials and shall comply with any required fire, safety, and building code requirements related to the processing, handling and storage of the applicable solvent or gas. The certification document required shall contain the signature and stamp of the certifying engineer and the serial number of the extraction unit being certified. As part of the certification process, documents pertaining to specific material specifications, pressure, temperature thresholds, specific operating procedures, details on maintenance schedule requirements for equipment, and other related details shall be provided in a report signed and stamped by the engineer of record.

(b) All equipment associated with closed-loop systems must be properly maintained and in working order at all times. Maintenance records which reflect the certifying engineer's recommended maintenance schedule for all equipment used must be kept up to date detailing last date of inspection and upgrades carried out, and must be furnished for inspection by County officials at any time.

(c) Any employees operating closed-loop systems shall be trained on the proper use of the equipment directly by the equipment manufacturer or an authorized trainer to ensure proper use of the equipment and proper hazard response protocols in the event of equipment failure. Individuals not trained in the operation of the equipment may not enter the extraction room unless accompanied by an employee trained in the operation of the equipment.

(d) If any closed-loop system is being used to extract compounds from cannabis, clear instructions must be posted in a prominent and visible location within the facility to ensure first responders can determine the materials being used in the facility and how to disable the equipment if facility operators are impaired or unavailable to do so.

(e) The Licensing Official, Building Official, or Fire Marshal are authorized to either accept or reject the qualification of an engineer for purposes of this section.

(13) A hazard response plan shall be in place for all facilities and all employees shall be trained on emergency response protocols.

(14) Class 2 and 3 licensees shall, on an annual basis, provide the Environmental Health Department, the County Fire Marshal, and any other fire code official with locational jurisdiction, a list of hazardous material types and quantities used. This list must be kept onsite at the facility as well as be available during County inspections of the facility.

(15) No alcohol, narcotics, or cannabis may be consumed at the facility.

(a) Exception: To allow for cannabis product quality control, sampling of cannabis product made exclusively at the facility is authorized only by those who are not operating extraction, distillation, or related equipment within a 24 hour time period after sampling.

(16) No person under the age of 21 may be present on the premises of a cannabis manufacture facility.

(17) Cannabis manufacture facilities shall be inaccessible by the general public and should be fully enclosed if feasible.

(18) Class 3 extraction of cannabis and any form of Class 2 extraction methods involving CO<sub>2</sub> are strictly prohibited in the RA zone district. An exception exists in the RA zone district for Class 2 extraction, where CO<sub>2</sub> extraction may occur if all manufacturing activity occurs in a legal accessory structure.

(19) All cannabis that is being used for commercial manufacturing of cannabis products must be locked and secured at all times to prevent access by those under the age of 21, unauthorized visitors, or animals.

#### **7.128.150 Cannabis distribution licenses.**

##### **(A) License Categories.**

The following categories of local cannabis distribution licenses are created under this Section.

(1) Class 1: A Class 1 distribution license is for a licensee that also holds a local cannabis cultivation or manufacture license. A Class 1 license is for a licensee who transports their own cannabis and cannabis products from their licensed cultivation site or manufacture facility to another licensed facility, stores cannabis for State testing and transport, and carries out packaging requirements as needed. A Class 1 distribution licensee does not maintain a distribution facility separate and apart from the cultivation site or manufacturing facility and does not transport other licensees' cannabis plants or products.

(2) Class 2: A Class 2 distribution license is for a licensee who transports cannabis and cannabis products for their own or other licensed cannabis businesses, stores cannabis for State testing and transport, and carries out packaging requirements as needed. A Class 2 distribution license may only be issued to a licensee with suitable storage premises.

##### **(B) Restrictions Related To All Cannabis Distribution Operations.**

(1) Cannabis distribution licenses may only be issued by the Licensing Official for distribution activities undertaken in the following zone districts, consistent with the additional limitations and approvals required by this Chapter and SCCC Chapter 13.10, as applicable: CA (Commercial Agriculture), A (Agriculture), RA (Residential Agricultural), TP (Timber Production), C-2 (Community Commercial), C-4 (Commercial Services), M-1 (Light Industrial), M-2 (Heavy Industrial), M-3 (Mineral Extraction Industrial), and SU (Special Use). Licenses issued on parcels in the SU zone district are further restricted as set forth in SCCC Section 13.10.382(C)(3).

(2) No licensee may distribute cannabis from an unlicensed cannabis cultivator or cannabis manufacturer. Licensed distributors may only distribute products between other licensed businesses within the State of California. Distributors may not sell product directly to consumers. The only exception to this is for distributors that also have a local dispensary license.

(3) The licensee must comply with all provisions of the MAUCRSA related to distribution licenses, including but not limited to all provisions of Business and Professions Code sections 26070 *et seq.*, as may be amended.

(4) Cannabis distribution facilities shall be inaccessible by the general public and shall be fully enclosed.

- (5) No alcohol, narcotics, or cannabis may be consumed at the distribution facility.
- (6) No person under the age of 21 may be present at a cannabis distribution facility.

**7.128.170 General requirements applicable to all non-retail commercial cannabis license types.**

The following general requirements are applicable to all non-retail commercial cannabis licenses types.

- (A) Cannabis may not be cultivated or manufactured within a residence, and may not be stored for distribution within a residence; use of legal accessory structures for cultivation or manufacture may be permitted in accordance with this Chapter and Chapter 13.10.
- (B) Cannabis business activities require written consent from the owner of the parcel where the cannabis business activity will take place, if the applicant is not the owner of the parcel.
- (C) Cannabis plants and products shall not be visible from the exterior of the parcel. In the case of cannabis manufacture and distribution, no activities within a structure should be visible from the exterior of the structure.
- (D) No non-retail cannabis products may be sold directly to consumers. If a separate licensed dispensary is located on the same parcel, the manufacturing facility must maintain a separate operating area from the dispensary, as defined by the Building Official and Fire Marshal. No members of the public are allowed within the manufacturing operating area.
- (E) All materials and equipment associated with a license must be stored exclusively on the parcel where the licensed activity takes place. Off-site storage facilities are prohibited.
- (F) Outside of an emergency, generators may not be used as a power source. This provision does not apply to permanently-installed generators that are permitted and located on property zoned "CA" (Commercial Agriculture) (e.g., a permanent generator that runs a well pump).
- (G) Outside of an emergency or initial filling of water storage tanks for fire-fighting purposes, water hauling is prohibited. Water hauling during an emergency or for initial filling may only be done by a State licensed water purveyor.
- (H) The licensee shall not print, publish, advertise, or disseminate in any way or by any means of communication, or cause to be printed, published, advertised, or disseminated in any way or by any means of communication, other than by way of a dedicated business Internet website accessible only through an age gate portal, any advertisement that includes the following information: pricing of products, details regarding specific cannabis products, or cannabis photography or graphics related to the cannabis plant or cannabis products.
  - (1) Notwithstanding the limitations imposed by this subsection, a licensee may provide the following: an entry in the telephone directory with the name, location, and phone number of the facility; or signage as permitted by this section. Such directory entry or signage

may identify the business as a (e.g., “cannabis product manufacturing facility”) but shall not include pricing of cannabis, details regarding specific cannabis products, or cannabis photography or graphics related to the cannabis plant or cannabis products.

(I) The licensee shall not post at the cannabis cultivation site, manufacturing facility, or distribution facility any advertisement of any nature other than one identification sign stating the facility name, address, and hours of operation. Any sign posted under this section shall not exceed six square feet in area, shall not be directly illuminated, shall not contain graphics identifying cannabis, and must comply with all existing County regulations and restrictions regarding signs. Signage is not permitted in the RA zone district.

(J) Licensees must utilize energy efficient cultivation methods.

(K) Licensees shall implement the following transportation demand management measures to the maximum extent feasible: provide carpool, shuttle, mini bus, or van service for employees, especially during harvest periods; provide bicycle storage and parking facilities; provide incentives for employees to rideshare or take public transportation; and implement compressed or flexible work schedules to reduce the number of days per week that employees are traveling to the site.

(L) Licensees must comply with all applicable requirements of County, State, and federal regulations pertaining to worker safety and to storage and use of hazardous materials. Licensees storing or handling hazardous materials, as defined by SCCC Section 7.100.020, or of any amount of an acutely hazardous substance, as defined by State or federal law, shall obtain all required permits from the County Environmental Health Department.

(M) Cannabis-related solid waste must be composted, processed, or disposed of at solid waste facilities permitted to receive that type of solid waste, subject to County, State and federal regulations. Disposal of hazardous and chemical waste must be conducted in a manner consistent with County, State, and federal laws pertaining to the proper disposal of related materials.

(N) Licensees must comply with all applicable requirements of County, State, and federal laws and regulations related to storm water management and the storage and use of fertilizers and herbicides. Licensees must also comply with all applicable State and federal laws and regulations regarding the storage and use of pesticides including rodenticides. .

(O) Subject to review and approval of the Licensing Official, licensees are required to develop and maintain an adequate security plan, which is intended to prevent unauthorized diversion of cannabis material and to protect the health, safety, and welfare of workers and the general public. This includes security measures sufficient to restrict access to only those intended and to deter trespass and theft of cannabis or cannabis products.

(1) Security requirements must comply with applicable Non-retail Commercial Cannabis Business Best Management and Operational Practices requirements.

- (a) No razor wire fencing is permitted.
- (b) All manufacture and distribution facility windows shall have security bars installed to the extent allowed under the Building Code, and unless existing exterior security bars are in place, a facility shall only affix bars to the inside of a facility for the purpose of reducing visual impacts.
- (c) All loading and unloading of cannabis products or value added products shall occur behind locked gates, and/or inside a secured facility, and/or in the presence of trained security personnel.
- (d) The facility shall provide adequate security precautions at all times, including locking and securing the facility to prevent theft or access to minors. The facility must be closed to the general public and only authorized personnel may be present onsite.
- (e) Doors and windows of facilities shall remain closed, except for the minimum length of time needed to allow people to ingress or egress the building.
- (P) All activities that generate emissions from extraction processes must obtain permits from the Monterey Bay Unified Air Pollution Control District, as applicable.
- (Q) Aside from outdoor cultivation sites and sites located on property zoned "CA" (Commercial Agriculture), all facilities where cannabis product is located must use a commercial air scrubbing or filtration system sufficient to prevent the odors associated with business operations from escaping the facility where cannabis products are grown, processed, or stored. In order to mitigate odors, all facilities shall be equipped with a mechanical source capture system. Source capture systems shall comply with all local laws. In-line exhaust filtration may include a carbon filtration capture system or other equivalent filtration apparatus approved by the Building Official. Source capture system apparatus shall be maintained in proper working order.
- (R) No portion of the facility shall be illuminated between the hours of 10:00 p.m. and 8:00 a.m. by lighting that is visible from the exterior of the facility, except such lighting as is reasonably utilized for the security of the facility. All exterior lighting should be downward directional and hooded so as not to cast light off the property onto neighboring properties or skyward.
- (S) The facility must provide litter and graffiti removal services for the business premises on a daily basis.
- (T) All noise from business activity shall conform to applicable General Plan Noise Element policies and standards and is also subject to SCCC Chapter 8.30, Noise Regulations.
- (U) All licensees are prohibited from using packaging materials that contain cartoons or caricatures using comically exaggerated features, animals, or anthropomorphized creatures or packaging materials connected to sports, music, celebrities, popular culture, or similar topics that attract or appeal to minors.

**7.128.190 Denial or revocation of license; remedies.**

(A) The Licensing Official may deny an application for an original or renewal license, or revoke an original or renewal license, for any of the following reasons:

- (1) Discovery of untrue statements submitted on a license application.
- (2) Revocation or suspension of any State license required to engage in commercial cannabis business activities.
- (3) Previous violation by the applicant, or violation by the licensee, of any provision of the Santa Cruz County Code or State law related to the cultivation of cannabis, the manufacture of cannabis products, or the distribution of cannabis or cannabis products, including any land use permit conditions associated with the licensee's business operations.
- (4) Failure of the background check conducted by the Licensing Official, including the applicant's most recent Live Scan report. A failed Live Scan is a Live Scan report that includes any felony conviction within the past 10 years and/or reflects that the applicant is currently on parole or probation related to a felony conviction. Felony convictions for cannabis-related offenses prior to June 1, 2013 will not result in a failed Live Scan, unless the offense involved sales to a minor.
- (5) Failure to meet any of the general eligibility requirements to obtain a license as set forth in this Chapter.
- (6) Violation of, or the failure or inability to comply with, any of the restrictions or requirements for the issuance of a license or conducting business operations as set forth in this Chapter, including any administrative rules or regulations promulgated by the Licensing Official or any conditions associated with the issuance of the license or any associated land use permit or other permit (including the adopted Best Management and Operational Practices (BMOP) Plan related to the business operations).
- (7) Violation of, or failure to comply with, any land use or other permit requirements associated with the licensee's commercial cannabis business activities, including but not limited to zoning, building, and agricultural permits as may be required for the activity and the operations site.
- (8) Violation of, or failure to comply with, any State or local law in conducting business operations, including any laws associated with the MAUCRSA.
- (9) With the exception of those employed at a cultivation site, allowing any person between the ages of 18 and 21 years of age to enter a cultivation site, manufacturing facility, or distribution facility, or allowing any person younger than 18 years of age to enter a cultivation site, manufacturing facility, or distribution facility without a parent or legal guardian.
- (10) Failure to contain all irrigation run-off, fertilizer, pesticides, and contaminants on-site.

(11) Failure to allow unannounced inspections of the premises and business operations by the Licensing Official, Building Official, Fire Marshal, or law enforcement at any time, without notice.

(12) Failure to timely pay any local, State, or federal tax associated with or required by the licensee's cannabis business activities, including any taxes required to be paid under Santa Cruz County Code section 4.06 (Cannabis Business Tax).

(13) Three or more citations for violation of SCCC Chapter 8.30 (Noise) within a single year.

(14) Possession, storage, or use of any firearm on a parcel where commercial cannabis business activities take place.

(15) Creation or maintenance of a public nuisance.

(16) Conviction of a criminal offense that would justify denial of a license.

(17) Failure to post and maintain at the cultivation site, manufacture facility, or distribution facility in a prominent location a copy of the local license(s) issued pursuant to this section and a copy of any State license(s) required for the activity.

(18) Failure to fully cooperate with a financial audit by the County of Santa Cruz of any and all aspects of the licensee's business, including but not limited to on-site inspection and review of financial transactions, sales records, payroll and employee records, purchase orders, overhead expense records, shipping logs, receiving logs, waste disposal logs, bank statements, credit card processing statements, inventory records, tax records, lease agreements, supplier lists, supplier agreements, policies and procedures, and examination of all financial books and records held by the licensee in the normal course of business.

(19) Intentional or negligent diversion of cannabis to minors, or failure to secure and safeguard cannabis from minors.

(B) The Licensing Official's denial of any type of license application (original, renewal, or amendment) or revocation of a license is a final action that is not subject to any further administrative remedy. The only legal remedy available to appeal the Licensing Official's action is to file a petition for writ of mandate in the superior court under California Code of Civil Procedure section 1085. If an application for an original or renewal license is denied, or if a license is revoked, all commercial cannabis cultivation on the parcel shall cease immediately, subject to the Licensing Official's discretion to allow operations to continue for a brief period of time to complete miscellaneous wind-down operations.

(C) Under no circumstances shall a cause of action for monetary damages be allowed against the County of Santa Cruz, the Licensing Official, or any County official or employee as a result of a denial or a revocation of a license. By applying for a license, the applicant and owners associated with a non-retail commercial cannabis business waive any and all claims for monetary damages against the County, the Licensing Official, and all other officials and employees of the County of Santa Cruz that may be associated with the denial or revocation of a license.

#### **7.128.210 Enforcement.**

(A) In addition to the authority of the Licensing Official to revoke any license pursuant to this Chapter, the Licensing Official may also elect to pursue one or more of those alternatives set forth in section 19.01.030(A) of this Code. It shall be a separate offense for each and every day during any portion of which any violation of, or failure to comply with, any provision of this Chapter is committed, continued or permitted.

(B) Notwithstanding the limitations on civil penalties set forth in SCCC Section 1.12.070(A)(2), civil penalties for violation of Chapter 7.128 shall be assessed as follows:

(1) A fine not exceeding \$2,500 for a first violation.

(2) A fine not exceeding \$5,000 for a second violation of the same County Code provision within one year.

(3) A fine not exceeding \$7,500 for each additional violation of the same County Code provision within one year.

(C) Whenever a Notice of Violation is issued by the Licensing Official under section 1.12.070 for violation of a provision of this Chapter, the violator shall be provided with seven (7) calendar days from notice of the violation to correct the violation before the imposition of civil penalties are assessed under section 1.12.070(D)(2)(a) of this Code.

(D) The unlicensed cultivation, manufacture, or distribution of cannabis constitutes a public nuisance which poses an immediate threat to public health and safety. Where feasible and consistent with the press of business and available resources, the Licensing Official shall use the summary abatement procedures set forth in SCCC Section 1.14.025 to abate nuisances related to the unlicensed cultivation, manufacture, or distribution of cannabis. If the person responsible for the unlicensed cannabis business activity or occupying the premises refuses to accept service of any notice related to the summary abatement procedure, or if the premises is unoccupied at the time service is attempted, notice is deemed appropriately given when it is posted in a conspicuous place on the real property containing the nuisance. Anyone filing an administrative appeal of a summary abatement order shall pay a fee as set forth in the Unified Fee Schedule.

#### **7.128.230 No duty to enforce.**

Nothing in this chapter shall be construed as imposing on the Licensing Official or the County of Santa Cruz any duty to issue a Notice of Violation, nor to abate any unlawful cannabis business activity, nor to take any other action with regard to any unlawful cannabis business activity, and neither the enforcing officer nor the County shall be held liable for failure to issue an order to abate any unlawful cannabis business activity, nor for failure to abate any unlawful cannabis business activity, nor for failure to take any other action with regard to any unlawful cannabis business activity.

### SECTION III

This ordinance is not subject to the California Environmental Quality Act (CEQA) pursuant to Business and Professions Code Section 26055(h). That section states that Division 13 of the Public Resources Code does not apply to the adoption of an ordinance that requires discretionary review and approval of permits, licenses, or other authorizations to engage in commercial cannabis activity if such discretionary review will include any applicable environmental review required under Division 13.

### SECTION IV

Should any section, clause, or provision of this Ordinance be declared by the courts to be invalid, the same shall not affect the validity of the Ordinance as a whole, or parts thereof, other than the part so declared to be invalid.

### SECTION V

This ordinance shall take effect on the 31<sup>st</sup> day after the date of final passage.

PASSED AND ADOPTED this \_\_ day of \_\_\_\_\_ 2018, by the Board of Supervisors of the County of Santa Cruz by the following vote:

AYES:        SUPERVISORS  
NOES:        SUPERVISORS  
ABSENT:     SUPERVISORS  
ABSTAIN:    SUPERVISORS

\_\_\_\_\_  
Chairperson of the  
Board of Supervisors

Attest: \_\_\_\_\_  
Clerk of the Board

APPROVED AS TO FORM:

\_\_\_\_\_  
Office of the County Counsel

cc:    County Administrative Office  
      Planning Director  
      Sheriff's Office

**ORDINANCE REPEALING CHAPTER 7.128 OF THE SANTA CRUZ COUNTY CODE  
AND ADOPTING NEW CHAPTER 7.128 REGARDING LICENSES FOR NON-RETAIL  
COMMERCIAL CANNABIS BUSINESSES**

The Board of Supervisors of Santa Cruz County hereby finds and declares the following:

WHEREAS, in 1992 the voters of the County of Santa Cruz enacted Measure "A", adding Chapter 7.122 to the Santa Cruz County Code which declared support for making cannabis available for medical use; and

WHEREAS, in 1996, the voters of the State of California approved Proposition 215 (codified as California Health and Safety Code section 11362.5, and entitled "The Compassionate Use Act of 1996"), which enabled persons who are in need of cannabis for medical purposes to use it without fear of criminal prosecution under limited, specified circumstances; and

WHEREAS, in 2004, the Legislature enacted Senate Bill 420 (codified as California Health and Safety Code sections 11362.7 *et seq.*) to clarify the scope of Proposition 215, and to provide qualifying patients and primary caregivers who cultivate cannabis for medical purposes with a limited defense to certain specified State criminal statutes; and

WHEREAS, County Code Chapter 7.124 of the Santa Cruz County Code implements the provisions of Proposition 215 and Senate Bill 420 by establishing a medical cannabis identification card program operated by the County; and establishing local guidelines for the possession and cultivation of medical cannabis used by qualified patients and caregivers; and

WHEREAS, on or about September 11, 2015, the California Legislature approved Assembly Bill 266, Assembly Bill 243, and Senate Bill 643, together constituting the "Medical Marijuana Regulation and Safety Act," and subsequently renamed the "Medical Cannabis Regulation and Safety Act" (hereinafter "MCRSA"), which the Governor thereafter signed into law; and

WHEREAS, on December 8, 2015, the Board of Supervisors enacted an ordinance adding Chapter 7.128 to the Santa Cruz County Code, which created an interim licensing scheme to regulate the commercial cultivation of medical cannabis; and

WHEREAS, on November 8, 2016, the voters of the State of California enacted Proposition 64, the "Control, Regulate and Tax Adult Use of Marijuana Act" (the "AUMA"); and

WHEREAS, the stated purpose of the AUMA is to establish a comprehensive system to legalize, control, and regulate the cultivation, processing, manufacture, distribution, testing, and sale of nonmedical cannabis, including cannabis products, for use by adults 21 years and older, and to tax the commercial growth and retail sale of cannabis; and

WHEREAS, the AUMA creates a licensing system whereby the State will issue licenses to businesses authorizing them to cultivate, distribute, transport, store, manufacture, process, and sell nonmedical cannabis and cannabis products for adults 21 years of age and older, with such licenses to be issued starting January 1, 2018; and

WHEREAS, the AUMA mandates that State licensing authorities shall not approve an application for a State license if approval of the State license will violate the provisions of any local ordinance or regulation adopted in accordance with the requirements of the AUMA; and

WHEREAS, the AUMA states that nothing in it shall be interpreted to supersede or limit the authority of a local jurisdiction to adopt and enforce local ordinances to regulate businesses licensed under the AUMA, including, but not limited to, local zoning and land use requirements, business license requirements, and requirements related to reducing second hand smoke, or to completely prohibit the establishment or operation of one or more types of businesses licensed by the State within the local jurisdiction; and

WHEREAS, 69.89 percent of Santa Cruz County voters approved the passage of the AUMA; and

WHEREAS, on or about June 27, 2017, Governor Jerry Brown approved Senate Bill 94, a law designed to implement the provisions of the AUMA and synthesize it with the provisions of the MCRSA; and

WHEREAS, SB 94 amended Business and Professions Code section 26055 to add subsection (h), which provides that the CEQA process does not apply to the adoption of an ordinance, rule, or regulation by a local jurisdiction that requires discretionary review and approval of applications for permits, licenses, or other authorizations to engage in commercial cannabis activity, and that in order to qualify for this exemption, the discretionary review of applications provided for by any such law, ordinance, rule, or regulation shall include a requirement for any applicable environmental review pursuant to the CEQA process to occur prior to taking action on such applications; and

WHEREAS, (1) the unregulated cultivation, manufacture, and distribution of cannabis and cannabis products in the unincorporated area of Santa Cruz County can adversely affect the health, safety, and well-being of the county and its residents; and (2) comprehensive civil regulation of premises used for cannabis cultivation, manufacture, and distribution is proper and necessary to avoid the risks of criminal activity, degradation of the natural environment, obnoxious smells, indoor electrical fire hazards that may result from unregulated cannabis business activities, and related risks; and

WHEREAS, (1) it is the purpose and intent of this ordinance to implement State law by providing a means for regulating the cultivation, manufacture, and distribution of cannabis in a manner that is consistent with State law and regulations, and which balances the needs of consumers, residents, and businesses, and promotes the health, safety, and welfare of the residents and businesses within the unincorporated territory of Santa Cruz County; and (2) the intent and purpose of this ordinance is to establish reasonable regulations upon the manner in which cannabis may be cultivated, manufactured, and distributed, including restrictions on the location of non-retail commercial cannabis activities and the amount of cannabis that may be

cultivated, manufactured, or distributed at or from any location, in order to protect the environment, water supply, public health, safety, and welfare in Santa Cruz County; and

WHEREAS, by adopting the regulations contained in this ordinance, Santa Cruz County will achieve a significant reduction in the aforementioned harms caused or threatened by the unregulated cultivation, manufacture, and distribution of cannabis and cannabis products in the unincorporated area of the County; and

WHEREAS, no provision of the Chapter created by this ordinance shall be deemed a defense or immunity to any action brought against any person by Santa Cruz County, the Santa Cruz County District Attorney, the Attorney General of the State of California, or the United States of America.

NOW THEREFORE the Board of Supervisors of the County of Santa Cruz ordains as follows:

## **SECTION I**

The Santa Cruz County Code is hereby amended by deleting existing Chapter 7.128 in its entirety.

## **SECTION II**

The Santa Cruz County Code is hereby amended by adding new Chapter 7.128 to read as follows:

### **Chapter 7.128 Licenses For Non-Retail Commercial Cannabis Businesses**

Sections:

|                  |                                                                                             |
|------------------|---------------------------------------------------------------------------------------------|
| <b>7.128.010</b> | <b>Purpose.</b>                                                                             |
| <b>7.128.030</b> | <b>Definitions.</b>                                                                         |
| <b>7.128.050</b> | <b>Prohibited activities.</b>                                                               |
| <b>7.128.070</b> | <b>Creation of the Non-Retail Commercial Cannabis Business Licensing Program.</b>           |
| <b>7.128.090</b> | <b>License required.</b>                                                                    |
| <b>7.128.110</b> | <b>Cannabis cultivation licenses.</b>                                                       |
| <b>7.128.130</b> | <b>Cannabis manufacturing licenses.</b>                                                     |
| <b>7.128.150</b> | <b>Cannabis distribution licenses.</b>                                                      |
| <b>7.128.170</b> | <b>General requirements applicable to all non-retail commercial cannabis license types.</b> |
| <b>7.128.190</b> | <b>Denial or revocation of license; remedies.</b>                                           |
| <b>7.128.210</b> | <b>Enforcement.</b>                                                                         |
| <b>7.128.230</b> | <b>No duty to enforce.</b>                                                                  |

#### **7.128.010 Purpose.**

The purpose of this Chapter is to provide a licensing scheme to regulate non-retail commercial cannabis businesses engaged in the cultivation, manufacture, and distribution of cannabis and cannabis products in the unincorporated area of Santa Cruz County. It is also the purpose of this Chapter to mitigate the negative impacts and secondary effects associated with ongoing non-retail cannabis business activities including, but not limited to: demands placed on law enforcement and administrative resources; neighborhood disruption; cannabis sales to minors; robberies, burglaries, assaults, and other violent crimes; and the damage to the natural environment resulting from destructive cannabis cultivation, manufacturing, and distribution activities.

This Chapter is not intended to conflict with federal or State law. It is the intention of the County that this Chapter be interpreted to be compatible with federal and State enactments and in furtherance of the public purposes that those enactments encompass. In addition, this Chapter is not intended to regulate the non-commercial cultivation of cannabis, which is governed by SCCC Chapter 7.124.

#### **7.128.030 Definitions.**

As used in this Chapter, the following words and phrases shall have the meanings respectively ascribed to them by this section.

- (A) "Applicant" means the person, firm, partnership, joint venture, association, corporation, limited liability company, estate, trust, business trust, receiver, syndicate, or any other group or combination acting as a unit (and the plural as well as the singular), submitting an application for a commercial cultivation, manufacturing or distribution license under this Chapter, consistent with the regulations set forth in this Chapter.
- (B) "Approved on-site source" means a source of water on the parcel at issue for which the applicant has obtained 1) the permission of all persons holding a legal right to the use of that water; and 2) the permission of all relevant federal, State, and local government agencies having authority to control or regulate the use of that water.
- (C) "Building" means any structure consisting of walls and a roof, which is used for the housing, shelter, or enclosure of persons, animals, chattels, or property of any kind.
- (D) "Cannabis" means all parts of the plant *Cannabis sativa* Linnaeus, *Cannabis indica*, or *Cannabis ruderalis*, whether growing or not, as defined under the California Medical Cannabis Regulation and Safety Act at Health and Safety Code Section 19300.5(f), as may be amended.
- (E) "Cannabis cultivation" means the planting, growing, developing, propagating, harvesting, drying, processing, curing, grading, trimming, packaging, or storage of, one or more cannabis plants or any part thereof in any location, indoor or outdoor, including within a fully enclosed and secure building. This definition should be read consistently with the definition for cannabis cultivation set forth in Chapter 13.10, to the extent there may be minor differences.

(F) “Cannabis distribution” means the activity of transporting cannabis or cannabis products between licensees, and any ancillary activity, such as packaging or labeling products, or storage between transport, that is conducted in association with the distribution activity. This definition should be read consistently with the definition for cannabis distribution set forth in Chapter 13.10, to the extent there may be minor differences.

(G) “Cannabis manufacture” shall mean production, preparation, propagation, or compounding of manufactured cannabis products either directly or indirectly, or by extraction methods, independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis, at a fixed location, including any storage, packaging, or repackaging of cannabis products in conjunction with manufacture. This definition should be read consistently with the definition for cannabis manufacture set forth in Chapter 13.10, to the extent there may be minor differences.

(H) “Cannabis manufacture facility”, “manufacture facility”, or “facility”, when used with reference to manufacture, means a structure(s) within which cannabis manufacture occurs.

(I) “Cannabis plant” means any mature or immature cannabis plant, or any cannabis seedling, unless otherwise specifically provided herein.

(J) “Cannabis product” means plant material that has been transformed, through a manufacture process whether by mechanical means and/or using solvents, into concentrated cannabis, or cannabis tinctures, edibles, drinks, topical salves, lotions or other materials containing cannabis or concentrated cannabis and other ingredients.

(K) “Canopy” means the designated area(s) at a licensed premises that will contain cannabis plants at any point in plant life stagetime, as follows: (1) Canopy shall be calculated in square feet and measured using clearly identifiable boundaries of all area(s) that will contain cannabis plants at any point in time, including all of the space(s) within the boundaries; (2) Canopy may be noncontiguous but each unique area included in the total canopy calculation shall be separated by an identifiable boundary that includes, but is not limited to, interior walls, shelves, greenhouse walls, hoop house walls, garden benches, hedgerows, fencing, garden beds, or garden plots; and (3) If cannabis plants are being cultivated using a shelving system, the surface area of each level shall be included in the total canopy calculation.

(1) Exception: In order to allow immature plants (starts and seedlings) to be cultivated for use on-site without impacting overall canopy limitations, where plants are stacked vertically using a shelving system, plants stacked above the first level of the shelving system will not be calculated as canopy. Only the first level of shelving will be calculated as canopy. However, in no case will flowering plants be excluded from the canopy limit, regardless of the size of the plants.

(L) “Closed-loop Extraction” means an extraction system that is designed to recover the solvents employed to extract cannabis that is built to codes of recognized and generally accepted good engineering standards, such as those of: (1) American National Standards Institute (ANSI); (2) American Society of Mechanical Engineers (ASME); (3) Underwriters Laboratories (UL); or (4) The American Society for Testing and Materials (ASTM).

(M) “Co-Location” means two or more different licensees operating on a single parcel, or two or more different licensees collectively operating on more than one parcel as part of an approved Master Plan, in order to reduce the overall impacts of development. Examples include two or more different cultivation licensees, or two or more different manufacturing licensees, operating on a single parcel, or four cultivation licensees operating on three adjacent parcels that are part of an approved Master Plan. “Co-Location” does not refer to a single person or entity holding more than one category of license (e.g., cultivation, manufacturing, and distribution) and operating on a single parcel.

(N) “Cultivation site” means a location where cannabis is cultivated, and includes any structures used for cultivation activities.

(O) “Distribution facility” or “facility”, when used with reference to cannabis distribution, means a structure(s), separate and apart from a cultivation site or manufacture facility, in which cannabis or cannabis products are stored for any length of time in the course of distribution.

(P) “Fence” means a wall or barrier connected by boards, masonry, rails, panels, or any other materials for the purpose of enclosing space or separating and securing parcels of land. For purposes of this Chapter, the term “Fence” does not include tarpaulins, scrap material, hedges, or bushes.

(Q) “Growing Area” means a specific area on a cultivation site where cannabis is grown.

(R) “Hazardous material” means any material as defined in California Health and Safety Code Section 25501(n), as may be amended.

(S) “Hoop house” means an agricultural shade structure as described in SCCC Section 12.10.315.

(T) “Indoor” or “indoors” means any area that is contained within an enclosed structure that contains exterior walls and a roof, including any structure that may be open to the elements periodically by way of retracting the walls or the roof. For purposes of this Chapter, any structure that is serviced by utilities for powering grow lights, fans, etc., is considered “indoors.” In addition, any structure that is considered “mixed-light” for purposes of State licensure is considered “indoors” for purposes of this Chapter.

(U) “Infused product” means a product created through a process by which cannabis, cannabinoids, or cannabis concentrates are directly incorporated into an existing product to create a cannabis product, e.g., an edible (such as a baked good, tincture, or vape pen) or a topical (such as a lotion, salve, or soap) product.

(V) “License” means the written evidence of permission given by the Licensing Official for a licensee to engage in non-retail cannabis business activity. “License” does not mean “permit” within the meaning of the Permit Streamlining Act, and a license does not constitute a permit that runs with the land on which the cannabis business activity takes place.

(W) “Licensee” means the person or entity holding a valid license to engage in non-retail cannabis business activity under this Chapter.

(X) “Licensing Official” means the official appointed by the County Administrative Officer who is responsible for implementing the provisions of this Chapter.

(Y) “Master Plan” means a plan approved by the Licensing Official to allow multiple licensed cannabis businesses located on adjacent parcels to share infrastructure in order to reduce environmental impacts. For example, licensees who are part of an approved Master Plan may be able to share infrastructure available on one parcel that would otherwise be required for each individual parcel.

(Z) “MAUCRSA” refers to the California Medicinal and Adult-Use Cannabis Regulation and Safety Act, Senate Bill No. 94, approved by the Governor on June 27, 2017, as may be amended.

(AA) “Non-retail cannabis business activity” means cannabis business activity that does not involve sales to retail consumers. Retail sales of cannabis and cannabis products directly to consumers are governed by the dispensary regulations set forth in SCCC Chapter 7.130.

(BB) “Non-volatile extraction” shall include: (1) mechanical extraction (e.g., cold water, heat press); (2) chemical extraction using a food-grade non-volatile solvent such as a non-hydrocarbon-based solvent or other solvent such as water, vegetable glycerin, vegetable oils, animal fats, or food-grade glycerin; (3) chemical extraction using a professional closed-loop CO2 gas extraction system.

(CC) “Non-volatile solvent” means any solvent used in the extraction process that is not a volatile solvent. This includes, but is not limited to, carbon dioxide and ethanol.

(DD) “Outdoor” or “Outdoors” means any area that is not “indoors” as defined in this Chapter.

(EE) “Owner” means any of the following:

(1) A person with an aggregate ownership interest of 20 percent or more in the person applying for a license or a licensee, unless the interest is solely a security, lien, or encumbrance.

(2) The chief executive officer of a nonprofit or other entity.

(3) A member of the board of directors of a nonprofit.

(4) An individual who will be participating in the direction, control, or management of the person applying for a license.

(FF) “Parcel” means that unit of land assigned a unique Assessor’s Parcel Number by the County Assessor, whether vacant or occupied by a building, group of buildings, or accessory buildings, and includes the buildings, structures, yards, open spaces, lot width, and lot area. The Licensing Official shall have the discretion to consider contiguous parcels under common ownership as a single parcel for purposes of this Chapter, where appropriate.

(GG) “Program” means the Non-Retail Commercial Cannabis Business Licensing Program created by this Chapter.

(HH) "Residence" means a fully enclosed structure or structures, including any attached garage, used as a dwelling unit. "Residence" does not include a detached ancillary structure, such as a shed, barn, etc.

(II) "SCCC" means Santa Cruz County Code.

(JJ) "Structure" shall have the meaning ascribed by SCCC Section 13.10.700-S.

(KK) "Volatile extraction" involves chemical extraction using volatile solvents.

(LL) "Volatile solvent" means a solvent that is or produces a flammable gas or vapor that, when present in the air in sufficient quantities, will create explosive or ignitable mixtures. Examples of volatile solvents include, but are not limited to, butane, hexane, and propane.

(MM) The following words or phrases when used in this section shall be construed as defined in California Health and Safety Code Section 11362.7, as may be amended: "qualified patient;" "identification card;" "person with an identification card;" and "primary caregiver."

#### **7.128.050 Prohibited activities.**

(A) Other than as specifically allowed under the terms of this Chapter, it is unlawful and shall constitute a public nuisance for any person to cultivate cannabis for commercial purposes without 1) a currently valid local license required by this Chapter; and 2) a currently valid State license required under California law. For regulations on the cultivation of cannabis for non-commercial purposes, see SCCC Chapter 7.124.

(1) Exception: A cultivation site granted an exemption by the Planning Director pursuant to SCCC Section 13.10.670(G) as enacted by Ordinance No. 5090 (now repealed), is exempt from this section, as long as the area subject to cultivation is not expanded or enlarged beyond what existed on January 1, 2010 at the location where the exemption was granted. The holder of the exemption may move its location to another site in the County, as long as the area subject to cultivation does not exceed what existed on January 1, 2010 at the location where the exemption was originally granted, and as long as the new site meets all other requirements of this Chapter, other than those specifically waived by the Licensing Official.

(B) It is unlawful and shall constitute a public nuisance for any person to manufacture cannabis products, including but not limited to edible products (e.g., beverages and food products), topical products (e.g., lotions, salves, etc.), and cannabis concentrates without 1) a currently valid local license required by this Chapter; and 2) a currently valid State license required under California law.

(C) It is unlawful and shall constitute a public nuisance for any person to distribute cannabis or cannabis products without 1) a currently valid local license required by this Chapter; and 2) a currently valid State license required under California law.

(D) It is unlawful and shall constitute a public nuisance for any person owning, leasing, occupying, or having charge or possession of any parcel within the County to cause or allow

such parcel to be used for any activity prohibited by this Chapter.

**7.128.070 Creation of the Non-Retail Commercial Cannabis Business Licensing Program.**

(A) There is hereby created the Non-Retail Commercial Cannabis Business Licensing Program. The Program shall be operated by the Licensing Official. The Licensing Official shall be designated by the County Administrative Officer.

(B) The Licensing Official shall take the necessary steps to build and manage the Program. This includes, but is not limited to, accomplishing the following tasks:

- (1) Creating application forms for licensees;
- (2) Conducting pre-licensure inspections;
- (3) Approving, conditionally approving, and denying license applications;
- (4) Issuing, renewing, and revoking licenses;
- (5) Creating a system on the County's website to communicate the number of licenses issued and to notify the public as to whether applications for licenses are being accepted;
- (6) Establishing administrative policies, procedures, rules, and regulations necessary to implement the Program consistent with this Chapter;
- (7) Collecting fees necessary to implement the Program; and
- (8) Working with other County officials and staff to ensure that licensees comply with all aspects of the County Code, including but not limited to any necessary permits required under SCCC Title 12 (Building Regulations), Title 13 (Planning and Zoning Regulations), and Title 16 (Environmental and Resource Protection).

**7.128.090 License required.**

(A) Original License.

(1) Submission Of The Application.

(a) An application for an original license under this Chapter shall be made on the forms designated for that purpose promulgated by the Licensing Official, and shall include all required information, attachments, and signatures required by the Licensing Official. The forms shall be submitted under penalty of perjury, and shall include, but not be limited to, the following information:

(i) The names of the applicant(s) and the owner(s) of the proposed non-retail commercial cannabis business;

(ii) The exact location by street address and Assessor's Parcel Number(s) where the non-retail commercial cannabis business activity will take place;

(iii) The applicants' and owners' waiver and release of the County from any and all liability for monetary damages related to or arising from the application for a license, the issuance of the license, the denial of the license, or the enforcement of the conditions of the license, including a complete defense and indemnification of the County from any third-party action related to the issuance of a license;

(iv) A copy of all applications submitted for State licensure of cannabis business operations;

(v) Background information as determined by the Licensing Official, including but not limited to a statement that the applicant(s) and owner(s) have submitted to a Live Scan background check no earlier than thirty days prior to the date the application is submitted;

(vi) Tax identification information;

(vii) Security plans;

(viii) Information regarding submittal of applications for required land use and/or building permits;

(ix) If the application concerns cultivation, a map containing the location of the growing area (cultivation should take place in a single growing area where total garden canopy may be easily measured, or as few areas as reasonably possible, rather than spread throughout the parcel);

(x) Identification of previous law enforcement and/or code enforcement activity at the premises related to cannabis;

(xi) A completed Best Management and Operational Practices Plan consistent with the provisions of SCCC Section 13.10.650(B)(3);

(xii) Such other information as required under this Chapter, or as the Licensing Official deems reasonably necessary for the County's thorough review of the application.

(2) Review Of The Application.

(a) Upon receipt of an application for an original license and all required fees, the Licensing Official shall create a Licensing File related to the application, and will evaluate the application for consistency with this Chapter and other applicable County, State, and federal laws and regulations. The Licensing Official shall inform the applicant of any deficiencies which must be addressed prior to processing. After determining that the application is sufficient for processing purposes, the Licensing Official shall conduct a physical inspection of the site where the proposed non-retail commercial cannabis business activity will occur to determine

whether it meets the requirements of this Chapter. The Licensing Official shall be the custodian of the Licensing File. The Licensing File is a public record within the meaning of the California Public Records Act.

(i) As part of the inspection outlined above, the Licensing Official shall take photos of the proposed site of the cannabis business operations and keep a copy of those photos with the Licensing File for enforcement purposes.

(b) Required Findings. Issuance of a license is a discretionary act. No applicant is automatically entitled to receive a license based solely on meeting the basic requirements of this Chapter. In order to issue an original license, the Licensing Official must make the following findings:

(i) Issuance of the license will be consistent with all requirements set forth in this Chapter and all administrative rules and regulations then in place, and either none of the grounds for denial under SCCC Section 7.128.190(A) exist, or the approval of the license will be subject to an enforceable condition(s) resolving any existing grounds for denial.

(ii) Issuance of the license will not create or maintain a nuisance, or be otherwise detrimental to public health, safety, or welfare.

(iii) The applicable environmental review pursuant to Division 13 (commencing with Section 21000) of the Public Resources Code (the CEQA process) has been completed, and that issuance of the license will not have a significant, unmitigated effect on water supply, biotic resources, or other sensitive environmental resources.

(iv) The applicant has obtained all permits required under the Santa Cruz County Code (development, building, grading, etc.) and any other applicable jurisdiction for the land use authorized under the license (including, but not limited to, rules specific to location and public notice).

(3) Grant Or Denial Of The License.

(a) After concluding the required pre-license investigation, the Licensing Official shall notify the applicant in writing whether the license has been granted, conditionally granted, or denied, including any reasons for denial.

(b) Conditions. The Licensing Official is authorized to impose conditions on the license at the time it is granted in order to ensure the proposed business activity will meet the intent and requirements of this Chapter and other applicable provisions of the Santa Cruz County Code.

(4) Length Of Time The Original License Is Valid.

The original license shall expire one year after it is issued. If a licensee wishes to continue business operations after expiration of the original license, the licensee must obtain a renewal license, as set forth below in section 7.128.090(B).

(B) Renewal License.

(1) Requirement To Obtain A Renewal License.

(a) In order to continue business operations after the original license expires, a licensee must obtain a renewal license. A renewal license must be obtained annually via an application form designated for that purpose. It is incumbent on the holder of a license to ensure that the license is renewed before license expiration in order to continue business operations.

(b) Renewal license applications must be submitted at least 90 days before an existing license expires. The Licensing Official is not authorized to accept an untimely renewal license application.

(c) Each renewal license is valid for a one year period from the date it is issued. If a licensee wishes to continue business operations after expiration of the renewal license, it must obtain a new renewal license per the terms of this section.

(2) Submission Of The Renewal License Application.

An application for a renewal license shall be made on the forms designated for that purpose promulgated by the Licensing Official, and shall be accompanied by the applicable fees set forth in the Unified Fee Schedule. The forms shall be submitted under penalty of perjury, and shall include, but not be limited to, the following information:

(a) The information required for the submission of an original license under section 7.128.090(A);

(b) Identification of any changes to the information the applicant submitted on the original license application, including but not limited to any proposed changes to the business operations (including growing area if the application concerns a cultivation site);

(c) Any law enforcement, license enforcement, or other code enforcement activity related to the licensee's operations during the past calendar year;

(d) A representation that the applicant continues to hold in good standing any license required by the State of California for non-retail commercial cannabis business activities;

(e) A representation that the applicant continues to hold in good standing any land use permits required by the County of Santa Cruz to permit the specific type of land use at issue in the application; and

(f) Such other information as the Licensing Official deems reasonably necessary to a thorough review of the application.

(3) Review Of The Renewal License Application.

(a) Upon receipt of an application for a renewal license, the Licensing Official shall update the licensee's Licensing File and perform whatever investigation the Licensing

Official deems necessary to determine whether to grant, conditionally grant, or deny the renewal license. The investigation may include a physical inspection of the licensee's business operations and facilities, at the discretion of the Licensing Official, to determine whether the licensee remains in compliance with the regulations of this Chapter.

(b) Issuance of a renewal license is a discretionary act. No applicant is automatically entitled to receive a renewal license based solely on meeting the basic requirements of this Chapter. It is not necessary for the Licensing Official to issue findings before granting a renewal license to an applicant who is requesting to maintain already-approved business operations. However, if a renewal license applicant is seeking to change business operations in any substantive respect (e.g., increasing operating hours, increasing employees, increasing size of authorized operations, etc.), the Licensing Official must make the findings required under Section 7.128.090(A)(2)(b) before approving the renewal license application.

(c) If any physical changes are proposed at the cannabis business facility, the Licensing Official shall conduct an inspection of the proposed changes to ensure that the licensee will remain compliant with the regulations of this Chapter and other applicable provisions of the Santa Cruz County Code if a renewal license is granted. As part of this mandatory inspection, the Licensing Official shall take photos of the specific location of the proposed changes and keep a copy of those photos with the Licensing File for enforcement purposes. Any change in the location of the cannabis business operations area shall comply with all conditions and restrictions of any use or development permit issued under SCCC Chapter 13.10, or approval of a permit amendment shall be required for such change prior to issuance of the renewal license.

(4) Grant Or Denial Of The Renewal License.

(a) The Licensing Official shall notify the applicant in writing of whether the renewal license has been granted, conditionally granted, or denied, including any reasons for denial.

(b) The Licensing Official is authorized to impose new or additional conditions on the renewal license at the time it is granted in order to ensure that all cannabis business activities will meet the requirements of this Chapter and other applicable provisions of the Santa Cruz County Code.

(C) Amending A License.

Licensees may submit an application to amend an existing license on a form promulgated by the Licensing Official for that purpose. Applications to amend a license will be reviewed by the Licensing Official in a manner consistent with the review of original and renewal license applications. Granting an application to amend a license is a discretionary act. If an applicant is seeking to amend a license to change business operations in any substantive respect (e.g., increasing operating hours, increasing employees, increasing size of authorized operations, etc.), the Licensing Official must make the findings required under Section 7.128.090(A)(2)(b) before granting the application to amend the license. In addition, any such change shall comply with all conditions and restrictions of any use or development permit issued under Chapter 13.10, or an approved permit amendment shall be required for such change prior to issuance of the license amendment. No change may occur until an amendment has been granted and any applicable

County permits are obtained. If changes trigger other jurisdictions' requirements, the applicant is responsible for obtaining authorizations, permits, or the like in advance of making any changes to a cannabis business operation.

(D) Co-Location Of Licensees.

(1) The Licensing Official is authorized to approve the Co-Location of licensees in order to minimize the impacts associated with cannabis business operations. Licensees may be co-located regardless of license type, as long as each licensee meets all of the requirements set forth in this Chapter for that licensee's individual license type. Licensees may also be co-located with a dispensary licensed under Chapter 7.130 if all business activities meet all requirements of this Chapter and Chapter 7.130. The operations of co-located licensees cannot exceed those authorized under the use or development permits granted under SCCC Chapter 13.10 for the site at issue. Limitations on size and scope of operations for co-located businesses are set forth in detail in specific parts of this Chapter, where applicable.

(2) Applicants seeking to co-locate must submit a written "Co-Location Agreement" signed by each potential licensee and the property owner. ~~Each licensee may be held liable for violations committed by any other licensee participating in the co-location agreement.~~

(E) Master Plan Operations.

(1) In order to minimize the impacts associated with cannabis business operations the Licensing Official is authorized to approve a Master Plan operation comprised of multiple licensed cannabis businesses operating on adjacent parcels and sharing infrastructure that would otherwise be individually required if the businesses were operating alone. Licensees may be involved in a Master Plan regardless of license type, as long as each licensee meets all of the requirements set forth in this Chapter for that licensee's individual license type.

(2) Applicants seeking approval of a Master Plan must submit a proposed "Master Plan Agreement" to the Licensing Official. The agreement must be approved by the Licensing Official and signed by each potential licensee and the property owner before approval of the Master Plan. ~~Each licensee may be held liable for violations committed by any other licensee participating in the Master Plan Agreement, and the agreement must contain a written statement acknowledging this.~~

(3) At least one individual responsible for cannabis operations (either a licensee or a managing employee of a licensee) ~~licensee~~ must reside in a permitted residence on one of the parcels that participate in the Master Plan.

(4) The Licensing Official shall develop administrative policies and procedures for the effective implementation of this section, as well as rules to regulate Master Plans in a way that furthers the policies of sharing infrastructure, ensuring security and operations compatible with the surrounding neighborhood, and reducing environmental impacts.

(F) Vertical Integration.

Nothing in this Chapter shall prohibit a single person or entity from holding more than one category of license, provided the licensee obtains all required licenses and otherwise complies with the terms of this Chapter and all other applicable provisions of the Santa Cruz County Code.

(G) Application Fees And License Fees.

(1) Application Fees.

All work performed in reviewing applications, consulting with the applicant, conducting site inspections, and making determinations on the application shall be billed to the applicant on an at-cost basis. An application for a license must be accompanied by a deposit as set forth in the Unified Fee Schedule. If the deposit is exhausted before work on the application is completed, the Licensing Official shall obtain a further deposit before performing more work on the application. At the conclusion of the Licensing Official's work, the Licensing Official will either refund the remaining balance, or bill the applicant for any overage. No license shall be granted until all application fees have been paid in full.

(2) License Fees.

A license shall not be granted to an applicant under this Chapter until the applicant has paid a non-refundable license fee as set forth in the Unified Fee Schedule. The purpose of this fee is to pay for the costs of administering and enforcing the Program regulations related to licensure that are not covered by application fees.

(H) Required Statements On Licenses.

All licenses issued by the Licensing Official must contain the signature of the owner(s) of the license. In addition, all licenses shall contain the following statements, displayed prominently on the license itself:

(1) An acknowledgement that persons engaging in cannabis business activity may be subject to prosecution under federal laws;

(2) An acknowledgment that, by accepting the license and engaging in cannabis business activities, the Licensee: (a) has released the County from any and all liability for monetary damages related to or arising from the application for a license, the issuance of the license, the enforcement of the conditions of the license, the revocation of the license, or any federal action related to the license; and (b) shall defend, indemnify and hold harmless the County and its officers, agents, and employees from and against any claim (including attorney's fees) against the County, its officers, employees or agents to attack, set aside, void or annul the approval of the license or any subsequent renewal or amendment of the license; and

(3) Any other statements deemed necessary by the Licensing Official.

**7.128.110 Cannabis cultivation licenses.**

**(A) License Categories.**

The following categories of local cannabis cultivation licenses are created under this Section.

(1) Class CA licenses for cultivation taking place on parcels zoned CA (Commercial Agriculture) per the Santa Cruz County Zoning Ordinance (SCCC Section 13.10.311 *et seq.*).

(2) Class A licenses for cultivation taking place on parcels zoned A (Agriculture) per the Santa Cruz County Zoning Ordinance, and on parcels zoned SU (Special Use) with an underlying General Plan land use designation of “residential” or “agricultural.”

(3) Class RA licenses for cultivation taking place on parcels zoned RA (Residential Agriculture) per the Santa Cruz County Zoning Ordinance, and for cultivation taking place on parcels zoned SU (Special Use) with a General Plan land use designation of “AG” (Agriculture).

(4) Class C-4 licenses for cultivation taking place on parcels zoned C-4 (Commercial Services) per the Santa Cruz County Zoning Ordinance.

(5) Class M licenses for cultivation taking place on parcels zoned M-1 (Small Light Industrial), M-2 (Light Industrial), or M-3 (Mineral Extraction Industrial) per the Santa Cruz County Zoning Ordinance, and for cultivation taking place on parcels zoned SU (Special Use) with a General Plan land use designation of “I” (Heavy Industry) or “Q” (Quarry) overlay designation.

(6) Class TP licenses for cultivation taking place on parcels zoned TP (Timber Production) per the Santa Cruz County Zoning Ordinance.

**(B) General Eligibility Restrictions For Cultivation Licenses.**

(1) In order to be eligible to apply for an original license for an existing or proposed cultivation site, the applicant must have participated in the County’s 90-day registration process carried out in 2016 (including the completion of a registration form) and must have obtained acknowledgment of registration from the Licensing Official. The Licensing Official shall reject any application for an original license by an applicant who did not participate in the County’s registration process.

(a) Exception: The registration process was and is voluntary for those persons or entities with a documented history of over 3 years of commercial farming or agricultural production unrelated to cannabis production in the CA zone district in Santa Cruz County prior to November 2016.

(b) Exception: The registration process was and is voluntary for the operator of a cultivation site granted an exemption by the Planning Director pursuant to SCCC Section 13.10.670(G) as enacted by Ordinance No. 5090 (now repealed).

(2) Cultivation licenses may only be issued to applicants who provide the Licensing Official with sufficient reliable evidence documenting that they 1) have been cultivating cannabis in Santa Cruz County since before January 2013; or 2) have been engaged in commercial farming or agricultural production unrelated to cannabis production for over 3 years in the CA zone district in Santa Cruz County prior to November 2016, and are applying for a Class CA license.

(3) Class TP Licenses are limited to those applicants who meet the additional land use requirements of Chapter 13.10, which concern pre-existing commercial uses and cultivation activity, the placement of cultivation activities, site disturbance, and tree removal. will only be issued to applicants who provide sufficient evidence that cannabis was being cultivated as of November 2016 on the parcel for which they are seeking a cannabis cultivation license.

(4) No license may be issued to cultivate cannabis on a parcel unless the cultivator or cultivation manager resides in a permitted residence on the parcel. This provision does not apply to Class CA, C-4, and M License types, or certain licensed cultivation sites that are part of an approved Master Plan pursuant to section 7.128.090(E).

(5) No license may be issued to cultivate cannabis on a parcel that has active violations of the Santa Cruz County Code, including but not limited to those sections related to grading, building, zoning, environmental, or fire code violations.

(6) No license may be issued to cultivate cannabis on publicly owned land.

(C) Canopy Limits.

(1) Each licensee shall be subject to the following limits on maximum canopy, based on license class. The Licensing Official may place additional or further restrictions on canopy size to maintain consistency with other laws, agricultural uses, and neighborhood compatibility.

(a) Class CA License. Size of canopy allowed, subject to approval of the Licensing Official:

(i) For single licensees on a single parcel, up to 2.5 percent of the size of the parcel, not to exceed twenty-two thousand (22,000) square feet.

(ii) For Co-Location on parcels smaller than 20 acres, up to 5 percent of the size of the parcel, not to exceed one acre total among all licensees.

(iii) For Co-Location on parcels 20 acres or larger where cultivation takes place solely within permitted structures existing as of November 2016, canopy limits will be set by the Licensing Official. For Co-Location on parcels 20 acres or larger where cultivation is conducted outdoors or requires new structural development, up to 5 percent of the size of the parcel, not to exceed two (2) acres total among all licensees.

(b) Class A License: Size of canopy allowed, subject to approval of the Licensing Official:

(i) For single licensees on a single parcel, up to 1.5 percent of the size of the parcel, not to exceed ten thousand (10,000) square feet.

(ii) For Co-Location on parcels smaller than 20 acres, up to 3 percent of the size of the parcel, not to exceed ten thousand (10,000) square feet total among all licensees.

(iii) For Co-Location on parcels 20 acres or larger, up to 1.5 percent of the size of the parcel, not to exceed twenty-two thousand (22,000) square feet among all licensees.

(c) Class RA License: Size of canopy allowed, regardless of whether the parcel is occupied by one licensee or Co-located licensees, subject to approval of the Licensing Official:

(i) Up to 1.25 percent of the size of the parcel, not to exceed five thousand one hundred (5,100) square feet on parcels between five and ten acres in size.

(ii) Up to 1.25 percent of the size of the parcel, not to exceed ten thousand (10,000) square feet on parcels larger than ten acres.

(d) Class C-4 and Class M Licenses: Size of canopy allowed, regardless of whether the parcel is occupied by one licensee or Co-located licensees, subject to approval of the Licensing Official:

(i) Not to exceed twenty-two thousand (22,000) square feet.

(ii) The cumulative total amount of garden canopy approved for licensure by all licensees under the Class C-4 and Class M Licenses shall not exceed one hundred thousand (100,000) square feet for the unincorporated area of the county. Once this amount is reached, the Licensing Official shall provide a report to the Board of Supervisors with a recommendation on whether this limitation should be adjusted.

(e) Class TP Licenses: Size of canopy allowed, regardless of whether the parcel is occupied by one licensee or Co-located licensees, subject to approval of the Licensing Official:

(i) Up to 1.25 percent of the size of the parcel, not to exceed five thousand one hundred (5,100) square feet on parcels between five and ten acres in size.

(ii) Up to 1.25 percent of the size of the parcel, not to exceed ten thousand (10,000) square feet on parcels larger than ten acres.

(iii) With a TP License, canopy may only be expanded on eligible sites to the maximum size identified in (i) and (ii) above upon specific application to expand, and only

~~in conjunction with the additional restrictions set forth in SCCC Section 13.10.650(B)(9)(b) if no greater than 0.25 additional acres are disturbed to accommodate the expansion and any development related to commercial operations on the site.~~

~~(f) — Class SU Licenses. Size of canopy allowed, regardless of whether the site is occupied by one licensee or Co-located licensees, subject to approval of the Licensing Official:~~

~~————— (i) — Up to 1.25 percent of the size of the parcel, not to exceed five thousand one hundred (5,100) square feet on parcels between five and ten acres in size.~~

~~————— (ii) — Up to 1.25 percent of the size of the parcel, not to exceed ten thousand (10,000) square feet on parcels larger than ten acres.~~

**(D) Restrictions Related To Cannabis Cultivation Operations.**

- (1) Cannabis plants shall not be visible from any adjacent public right-of-way.
- (2) No lighting for cultivation purposes, except that necessary for security, shall be visible at cultivation sites from sunset to sunrise.
- (3) Occupied residences located on parcels with cultivation sites must comply with all applicable County ordinances, including but not limited to use of water, power, septic, and fire suppression.
- (4) If cannabis cultivation occurs outdoors, the growing area must be fully secured. The Licensing Official shall determine whether the area shall be enclosed within an opaque fence at least six feet in height, including a locked gate to prevent unauthorized entry, or whether no fencing, or alternative fencing, including but not limited to alternative height, material, and location, will be approved on a case-by-case basis.
- (5) Burning of cleared cannabis vegetation, excess plant material, or cannabis vegetative waste is prohibited.
- (6) Cannabis shall not be cultivated in violation of SCCC Section 7.31.030 (prohibition on cultivation of genetically engineered crops).
- (7) Employees at cultivation sites must be at least 18 years of age. Employees under the age of 21 must receive specialized training and education to be specified by the Licensing Official.
- (8) Licensees must comply with all requirements of the MAUCRSA relating to cultivation.
- (9) Licensees are prohibited from manufacturing cannabis products at a cultivation site (edibles, tinctures, rosin, salves, etc.) unless the licensee also has a local manufacturing license for that specific site.

(10) Cannabis shall not be cultivated indoors unless all land use and building code requirements are met. Moreover, the applicant shall provide written certification from a licensed electrician that any electrical improvements associated with cultivation will comply with the California Building Codes to ensure that the growing operations can be carried out safely.

(11) Cannabis shall not be cultivated indoors where plants or lights used for growing purposes are visible from a public right-of-way, an adjacent private right-of-way with public access, or a habitable structure.

(12) No alcohol, narcotics, or cannabis may be consumed at the cultivation site.

### **7.128.130 Cannabis manufacturing licenses.**

#### **(A) License Categories.**

The following categories of local cannabis manufacturing licenses are created under this Section.

- (1) Class 1: Manufacture of infused products, without engaging in any extraction activities.
- (2) Class 2: Manufacture of cannabis products involving extraction using nonvolatile solvents or no solvents. This license category may also include infusion.
- (3) Class 3: Manufacture of cannabis products with extraction using volatile solvents. This license category may also include infusion, and extraction using nonvolatile solvents or no solvents.

#### **(B) Restrictions Related To Cannabis Manufacturing Operations.**

(1) Cannabis manufacturing licenses may only be issued for activities undertaken in the following zone districts, consistent with the additional limitations and approvals required by this Chapter and SCCC Chapter 13.10, as applicable: CA (Commercial Agriculture), A (Agriculture), RA (Residential Agricultural), TP (Timber Production), C-2 (Community Commercial), C-4 (Commercial Services), M-1 (Light Industrial), M-2 (Heavy Industrial), M-3 (Mineral Extraction Industrial), and SU (Special Use). Licenses issued on parcels in the SU zone district are further restricted as set forth in SCCC Section 13.10.382(C)(2), including parcels with a General Plan "Q" (Quarry) overlay designation.

(2) Licenses for manufacturing activities may only be issued where the manufacturing activities are ancillary to licensed commercial cultivation on the parcel, except for

in the CA, C-4, and M zone districts, and on parcels in the SU zone district with a General Plan designation of "Q" (Quarry)-~~overlay designation~~.

(3) Multiple licensees may be Co-Located (e.g., commercial kitchen facilities, or cannabis extraction facilities) in accordance with the limits established in SCCC Chapters 7.128 and 13.10, contingent upon all licensees receiving and maintaining valid and active licenses (both local and State) for all operations, as well as any other required discretionary development permits, building permits, and other required permits.

(4) Import of cannabis material from a licensed California cultivator, manufacturer, or distributor, used to support manufacturing activity, is permitted in all zones in which manufacturing is an allowed or permitted use, subject to the limitations set forth in SCCC Chapter 13.10.

(5) No cannabis used in manufacture may be sourced from an unlicensed cultivator, manufacturer, or distributor. Licensed manufacturers may only sell their product within the State of California to other licensed cannabis businesses and may not sell product directly to consumers.

(6) The licensee must maintain at the facility complete and accurate records of all raw and/or cannabis extract source material used in manufacture processing with all source identification information, to include origin, operator/supplier name, location, address, state and local license information, and quantity of product in manufacture.

(7) The production of edible products must take place within a permitted commercial grade kitchen facility. Non-cannabis products may not be produced at the same kitchen facilities where cannabis products are produced. Production of edibles in the shape of a human, animal, or fruit is prohibited.

(8) All cannabis products, food products, food storage facilities, food-related utensils, and equipment and materials used in the manufacture process shall be approved, used, managed, and handled in accordance with California Department of Public Health requirements. All food products and cannabis products shall be protected from contamination at all times. All food handlers must be clean, in good health, free from communicable diseases, and must obtain any food handling certification required by the State of California before handling food products.

(9) County of Santa Cruz Environmental Health officials may impose any additional restrictions or requirements as required to ensure public health, and may inspect any portion of the commercial cannabis manufacture facility at any time during normal business hours to ensure compliance with this Section.

(10) All items to be sold or distributed retail shall be packaged as required by the California Department of Public Health.

(11) All solvent-based extraction of cannabis oils, resins, or other compounds from cannabis plants, manufacture of cannabis products, and packaging of manufactured cannabis products for sale to or use by the public, shall be carried out in accordance with the provisions of the MAUCRSA, any requirements set by the California Department of Public Health, Office of

Manufactured Cannabis Safety (OMCS), all requirements of this Chapter, all requirements of other applicable local and State laws, and all administrative rules and regulations promulgated by the Licensing Official. This includes, but is not limited to, compliance with all laws and regulations related to zoning and land use, environmental resources, natural resource protection, water quality, water supply, hazardous materials, pesticide use, wastewater discharge requirements, and any permit or right necessary to divert water.

(12) Class 2 and 3 licensees may only carry out chemical extractions (e.g., using CO<sub>2</sub> or volatile solvents) using a professional closed loop extraction system.

(a) The closed-loop system shall be commercially manufactured and bear a permanently affixed and visible serial number. The system shall be certified by a qualified California-licensed engineer (e.g., mechanical engineer, electrical engineer, etc.) that the system was commercially manufactured, safe for its intended use, and built to codes of recognized and generally accepted good engineering practices, such as:

- (i) The American Society of Mechanical Engineers (ASME);
- (ii) American National Standards Institute (ANSI);
- (iii) Underwriters Laboratories (UL); or
- (iv) The American Society for Testing and Materials (ASTM).

Professional closed loop systems, other equipment used, the extraction operation, and facilities must be approved for use by the local fire code and building officials and shall comply with any required fire, safety, and building code requirements related to the processing, handling and storage of the applicable solvent or gas. The certification document required shall contain the signature and stamp of the certifying engineer and the serial number of the extraction unit being certified. As part of the certification process, documents pertaining to specific material specifications, pressure, temperature thresholds, specific operating procedures, details on maintenance schedule requirements for equipment, and other related details shall be provided in a report signed and stamped by the engineer of record.

(b) All equipment associated with closed-loop systems must be properly maintained and in working order at all times. Maintenance records which reflect the certifying engineer's recommended maintenance schedule for all equipment used must be kept up to date detailing last date of inspection and upgrades carried out, and must be furnished for inspection by County officials at any time.

(c) Any employees operating closed-loop systems shall be trained on the proper use of the equipment directly by the equipment manufacturer or an authorized trainer to ensure proper use of the equipment and proper hazard response protocols in the event of equipment failure. Individuals not trained in the operation of the equipment may not enter the extraction room unless accompanied by an employee trained in the operation of the equipment. ~~Only trained personnel may enter an extraction room where closed-loop systems are in use.~~

(d) If any closed-loop system is being used to extract compounds from cannabis, clear instructions must be posted in a prominent and visible location within the facility to ensure first responders can determine the materials being used in the facility and how to disable the equipment if facility operators are impaired or unavailable to do so.

(e) The Licensing Official, Building Official, or Fire Marshal are authorized to either accept or reject the qualification of an engineer for purposes of this section.

(13) A hazard response plan shall be in place for all facilities and all employees shall be trained on emergency response protocols.

(14) Class 2 and 3 licensees shall, on an annual basis, provide the Environmental Health Department, the County Fire Marshal, and any other fire code official with locational jurisdiction, a list of hazardous material types and quantities used. This list must be kept onsite at the facility as well as be available during County inspections of the facility.

(15) No alcohol, narcotics, or cannabis may be consumed at the facility.

(a) Exception: To allow for cannabis product quality control, sampling of cannabis product made exclusively at the facility is authorized only by those who are not operating extraction, distillation, or related equipment within a 24 hour time period after sampling.

(16) No person under the age of 21 may be present on the premises of a cannabis manufacture facility.

(17) Cannabis manufacture facilities shall be inaccessible by the general public and should be fully enclosed if feasible.

(18) Class 3 extraction of cannabis and any form of Class 2 extraction methods involving CO<sub>2</sub> are strictly prohibited in the RA zone district. An exception exists in the RA zone district for Class 2 extraction, where CO<sub>2</sub> extraction may occur if all manufacturing activity occurs in a legal accessory structure.

(19) All cannabis that is being used for commercial manufacturing of cannabis products must be locked and secured at all times to prevent access by those under the age of 21, unauthorized visitors, or animals.

#### **7.128.150 Cannabis distribution licenses.**

##### **(A) License Categories.**

The following categories of local cannabis distribution licenses are created under this Section.

(1) Class 1: A Class 1 distribution license is for a licensee that also holds a local cannabis cultivation or manufacture license. A Class 1 license is for a licensee who transports their own cannabis and cannabis products from their licensed cultivation site or manufacture facility to another licensed facility, stores cannabis for State testing and transport, and carries out packaging requirements as needed. A Class 1 distribution licensee does not maintain a

distribution facility separate and apart from the cultivation site or manufacturing facility and does not transport other licensees' cannabis plants or products.

(2) Class 2: A Class 2 distribution license is for a licensee who transports cannabis and cannabis products for their own or other licensed cannabis businesses, stores cannabis for State testing and transport, and carries out packaging requirements as needed. A Class 2 distribution license may only be issued to a licensee with suitable storage premises.

(B) Restrictions Related To All Cannabis Distribution Operations.

(1) Cannabis distribution licenses may only be issued by the Licensing Official for distribution activities undertaken in the following zone districts, consistent with the additional limitations and approvals required by this Chapter and SCCC Chapter 13.10, as applicable: CA (Commercial Agriculture), A (Agriculture), RA (Residential Agricultural), TP (Timber Production), C-2 (Community Commercial), C-4 (Commercial Services), M-1 (Light Industrial), M-2 (Heavy Industrial), M-3 (Mineral Extraction Industrial), and SU (Special Use). Licenses issued on parcels in the SU zone district are further restricted as set forth in SCCC Section 13.10.382(C)(3), as well as parcels with a General Plan "Q" (Quarry) overlay designation.

(2) No licensee may distribute cannabis from an unlicensed cannabis cultivator or cannabis manufacturer. Licensed distributors may only distribute products between other licensed businesses within the State of California. Distributors may not sell product directly to consumers. The only exception to this is for distributors that also have a local dispensary license.

(3) The licensee must comply with all provisions of the MAUCRSA related to distribution licenses, including but not limited to all provisions of Business and Professions Code sections 26070 *et seq.*, as may be amended.

(4) Cannabis distribution facilities shall be inaccessible by the general public and shall be fully enclosed.

(5) No alcohol, narcotics, or cannabis may be consumed at the distribution facility.

(6) No person under the age of 21 may be present at a cannabis distribution facility.

**7.128.170 General requirements applicable to all non-retail commercial cannabis license types.**

The following general requirements are applicable to all non-retail commercial cannabis licenses types.

(A+) Cannabis may not be cultivated or manufactured within a residence, and may not be stored for distribution within a residence; use of legal accessory structures for cultivation or manufacture may be permitted in accordance with this Chapter and Chapter 13.10.

(B2) Cannabis business activities require written consent from the owner of the parcel where the cannabis business activity will take place, if the applicant is not the owner of the parcel.

——(C3) Cannabis plants and products shall not be visible from the exterior of the parcel. In the case of cannabis manufacture and distribution, no activities within a structure should be visible from the exterior of the structure.

(D4) No non-retail cannabis products may be sold directly to consumers. If a separate licensed dispensary is located on the same parcel, the manufacturing facility must maintain a separate operating area from the dispensary, as defined by the Building Official and Fire Marshal. No members of the public are allowed within the manufacturing operating area.

——(E5) All materials and equipment associated with a license must be stored exclusively on the parcel where the licensed activity takes place. Off-site storage facilities are prohibited.

(F6) Outside of an emergency, generators may not be used as a power source. This provision does not apply to permanently-installed generators that are permitted and located on property zoned "CA" (Commercial Agriculture) (e.g., a permanent generator that runs a well pump).

(G7) Outside of an emergency or initial filling of water storage tanks for fire-fighting purposes, water hauling is prohibited. Water hauling during an emergency or for initial filling may only be done by a State licensed water purveyor.

(H8) The licensee shall not print, publish, advertise, or disseminate in any way or by any means of communication, or cause to be printed, published, advertised, or disseminated in any way or by any means of communication, other than by way of a dedicated business Internet website accessible only through an age gate portal, any notice or advertisement that includes the following information: pricing of products, details regarding specific cannabis products, or cannabis photography or graphics related to the cannabis plant or cannabis products.

——(Ia) Notwithstanding the limitations imposed by this subsection, a licensee may provide the following: an entry in the telephone directory with the name, location, and phone number of the facility; or signage as permitted by this section. Such directory entry or signage may identify the business as a (e.g., "cannabis product manufacturing facility") but shall not include pricing of cannabis, details regarding specific cannabis products, or cannabis photography or graphics related to the cannabis plant or cannabis products.

(I9) The licensee shall not post at the cannabis cultivation site, manufacturing facility, or distribution facility any advertisement of any nature ~~signage~~ other than one identification sign stating the facility name, address, and hours of operation. Any sign posted under this section shall not exceed six square feet in area, shall not be directly illuminated, shall not contain graphics identifying cannabis, and must comply with all existing County regulations and restrictions regarding signs. Signage is not permitted in the RA zone district.

(J40) Licensees must utilize energy efficient cultivation methods.

(K44) Licensees shall implement the following transportation demand management measures to the maximum extent feasible: provide carpool, shuttle, mini bus, or van service for employees, especially during harvest periods; provide bicycle storage and parking facilities; provide

incentives for employees to rideshare or take public transportation; and implement compressed or flexible work schedules to reduce the number of days per week that employees are traveling to the site.

(L12) Licensees must comply with all applicable requirements of County, State, and federal regulations pertaining to worker safety and to storage and use of hazardous materials. Licensees storing or handling hazardous materials, as defined by SCCC Section 7.100.020, or of any amount of an acutely hazardous substance, as defined by State or federal law, shall obtain all required permits from the County Environmental Health Department.

(M13) Cannabis-related solid waste must be composted, processed, or disposed of at solid waste facilities permitted to receive that type of solid waste, subject to County, State and federal regulations. Disposal of hazardous and chemical waste must be conducted in a manner consistent with County, State, and federal laws pertaining to the proper disposal of related materials.

(N14) Licensees must comply with all applicable requirements of County, State, and federal laws and regulations, ~~including environmental and water regulations related to storm water management and the storage and use of -and fertilizers, and herbicides.~~ Licensees must also comply with all applicable State and federal laws and regulations regarding the storage and use of pesticides, herbicide, and including rodenticides. ~~storage and use.~~

———(O15) Subject to review and approval of the Licensing Official, licensees are required to develop and maintain an adequate security plan, which is intended to prevent unauthorized diversion of cannabis material and to protect the health, safety, and welfare of workers and the general public. This includes security measures sufficient to restrict access to only those intended and to deter trespass and theft of cannabis or cannabis products.

———(1a) Security requirements must comply with applicable Non-retail Commercial Cannabis Business Best Management and Operational Practices requirements.

———(ai) No razor wire fencing is permitted.

———(bi) All manufacture and distribution facility windows shall have security bars installed to the extent allowed under the Building Code, and unless existing exterior security bars are in place, a facility shall only affix bars to the inside of a facility for the purpose of reducing visual impacts.

———(ciii) All loading and unloading of cannabis products or value added products shall occur behind locked gates, and/or inside a secured facility, and/or in the presence of trained security personnel.

———(div) The facility shall provide adequate security precautions at all times, including locking and securing the facility to prevent theft or access to minors. The facility must be closed to the general public and only authorized personnel may be present onsite.

——(ev) Doors and windows of facilities shall remain closed, except for the minimum length of time needed to allow people to ingress or egress the building.

(P16) All activities that generate emissions from extraction processes must obtain permits from the Monterey Bay Unified Air Pollution Control District, as applicable.

——(Q17) Aside from outdoor cultivation sites and sites located on property zoned “CA” (Commercial Agriculture), all facilities where cannabis product is located must use a commercial air scrubbing or filtration system sufficient to prevent the odors associated with business operations from escaping the facility where cannabis products are grown, processed, or stored. In order to mitigate odors, all facilities shall be equipped with a mechanical source capture system. Source capture systems shall comply with all local laws. In-line exhaust filtration may include a carbon filtration capture system or other equivalent filtration apparatus approved by the Building Official. Source capture system apparatus shall be maintained in proper working order.

——(R18) No portion of the facility shall be illuminated between the hours of 10:00 p.m. and 8:00 a.m. by lighting that is visible from the exterior of the facility, except such lighting as is reasonably utilized for the security of the facility. All exterior lighting should be downward directional and hooded so as not to cast light off the property onto neighboring properties or skyward.

——(S19) The facility must provide litter and graffiti removal services for the business premises on a daily basis.

——(T20) All noise from business activity shall conform to applicable General Plan Noise Element policies and standards and is also subject to SCCC Chapter 8.30, Noise Regulations.

(U) All licensees are prohibited from using packaging materials that contain cartoons or caricatures using comically exaggerated features, animals, or anthropomorphized creatures or packaging materials connected to sports, music, celebrities, popular culture, or similar topics that attract or appeal to minors.

#### **7.128.190 Denial or revocation of license; remedies.**

(A) The Licensing Official may deny an application for an original or renewal license, or revoke an original or renewal license, for any of the following reasons:

- (1) Discovery of untrue statements submitted on a license application.
- (2) Revocation or suspension of any State license required to engage in commercial cannabis business activities.
- (3) Previous violation by the applicant, or violation by the licensee, of any provision of the Santa Cruz County Code or State law related to the cultivation of cannabis, the manufacture of cannabis products, or the distribution of cannabis or cannabis products, including any land use permit conditions associated with the licensee’s business operations.

(4) Failure of the background check conducted by the Licensing Official, including the applicant's most recent Live Scan report. A failed Live Scan is a Live Scan report that includes any felony conviction within the past 10 years and/or reflects that the applicant is currently on parole or probation related to a felony conviction. Felony convictions for cannabis-related offenses prior to June 1, 2013 will not result in a failed Live Scan, unless the offense involved sales to a minor.

(5) Failure to meet any of the general eligibility requirements to obtain a license as set forth in this Chapter.

(6) Violation of, or the failure or inability to comply with, any of the restrictions or requirements for the issuance of a license or conducting business operations as set forth in this Chapter, including any administrative rules or regulations promulgated by the Licensing Official or any conditions associated with the issuance of the license or any associated land use permit or other permit (including the adopted Best Management and Operational Practices (BMOP) Plan related to the business operations).

(7) Violation of, or failure to comply with, any land use or other permit requirements associated with the licensee's commercial cannabis business activities, including but not limited to zoning, building, and agricultural permits as may be required for the activity and the operations site.

(8) Violation of, or failure to comply with, any State or local law in conducting business operations, including any laws associated with the MAUCRSA.

(9) With the exception of those employed at a cultivation site, a ~~Allowing~~ any person between the ages of 18 and 21 years of age to enter a cultivation site, manufacturing facility, or distribution facility, or allowing any person younger than 18 years of age to enter a cultivation site, manufacturing facility, or distribution facility without a parent or legal guardian.

(10) Failure to contain all irrigation run-off, fertilizer, pesticides, and contaminants on-site.

(11) Failure to allow unannounced inspections of the premises and business operations by the Licensing Official, Building Official, Fire Marshal, or law enforcement at any time, without notice.

(12) Failure to timely pay any local, State, or federal tax associated with or required by the licensee's cannabis business activities, including any taxes required to be paid under Santa Cruz County Code section 4.06 (Cannabis Business Tax).

(13) Three or more citations for violation of SCCC Chapter 8.30 (Noise) within a single year.

(14) Possession, storage, or use of any firearm on a parcel where commercial cannabis business activities take place.

(15) Creation or maintenance of a public nuisance.

(16) Conviction of a criminal offense that would justify denial of a license.

(17) Failure to post and maintain at the cultivation site, manufacture facility, or distribution facility in a prominent location a copy of the local license(s) issued pursuant to this section and a copy of any State license(s) required for the activity.

(18) Failure to fully cooperate with a financial audit by the County of Santa Cruz of any and all aspects of the licensee's business, including but not limited to on-site inspection and review of financial transactions, sales records, payroll and employee records, purchase orders, overhead expense records, shipping logs, receiving logs, waste disposal logs, bank statements, credit card processing statements, inventory records, tax records, lease agreements, supplier lists, supplier agreements, policies and procedures, and examination of all financial books and records held by the licensee in the normal course of business.

(19) Intentional or negligent diversion of cannabis to minors, or failure to secure and safeguard cannabis from minors.

(B) The Licensing Official's denial of any type of license application (original, renewal, or amendment) or revocation of a license is a final action that is not subject to any further administrative remedy. The only legal remedy available to appeal the Licensing Official's action is to file a petition for writ of mandate in the superior court under California Code of Civil Procedure section 1085. If an application for an original or renewal license is denied, or if a license is revoked, all commercial cannabis cultivation on the parcel shall cease immediately, subject to the Licensing Official's discretion to allow operations to continue for a brief period of time to complete miscellaneous wind-down operations.

(C) Under no circumstances shall a cause of action for monetary damages be allowed against the County of Santa Cruz, the Licensing Official, or any County official or employee as a result of a denial or a revocation of a license. By applying for a license, the applicant and owners associated with a non-retail commercial cannabis business waive any and all claims for monetary damages against the County, the Licensing Official, and all other officials and employees of the County of Santa Cruz that may be associated with the denial or revocation of a license.

#### **7.128.210 Enforcement.**

(A) In addition to the authority of the Licensing Official to revoke any license pursuant to this Chapter, the Licensing Official may also elect to pursue one or more of those alternatives set forth in section 19.01.030(A) of this Code. It shall be a separate offense for each and every day during any portion of which any violation of, or failure to comply with, any provision of this Chapter is committed, continued or permitted.

(B) Notwithstanding the limitations on civil penalties set forth in SCCC Section 1.12.070(A)(2), civil penalties for violation of Chapter 7.128 shall be assessed as follows:

(1) A fine not exceeding \$2,500 for a first violation.

(2) A fine not exceeding \$5,000 for a second violation of the same County Code provision within one year.

(3) A fine not exceeding \$7,500 for each additional violation of the same County Code provision within one year.

(C) Whenever a Notice of Violation is issued by the Licensing Official under section 1.12.070 for violation of a provision of this Chapter, the violator shall be provided with seven (7) calendar days from notice of the violation to correct the violation before the imposition of civil penalties are assessed under section 1.12.070(D)(2)(a) of this Code.

(D) The unlicensed cultivation, manufacture, or distribution of cannabis constitutes a public nuisance which poses an immediate threat to public health and safety. Where feasible and consistent with the press of business and available resources, the Licensing Official shall use the summary abatement procedures set forth in SCCC Section 1.14.025 to abate nuisances related to the unlicensed cultivation, manufacture, or distribution of cannabis. If the person responsible for the unlicensed cannabis business activity or occupying the premises refuses to accept service of any notice related to the summary abatement procedure, or if the premises is unoccupied at the time service is attempted, notice is deemed appropriately given when it is posted in a conspicuous place on the real property containing the nuisance. Anyone filing an administrative appeal of a summary abatement order shall pay a fee as set forth in the Unified Fee Schedule.

**7.128.230 No duty to enforce.**

Nothing in this chapter shall be construed as imposing on the Licensing Official or the County of Santa Cruz any duty to issue a Notice of Violation, nor to abate any unlawful cannabis business activity, nor to take any other action with regard to any unlawful cannabis business activity, and neither the enforcing officer nor the County shall be held liable for failure to issue an order to abate any unlawful cannabis business activity, nor for failure to abate any unlawful cannabis business activity, nor for failure to take any other action with regard to any unlawful cannabis business activity.

### **SECTION III**

This ordinance is not subject to the California Environmental Quality Act (CEQA) pursuant to Business and Professions Code Section 26055(h). That section states that Division 13 of the Public Resources Code does not apply to the adoption of an ordinance that requires discretionary review and approval of permits, licenses, or other authorizations to engage in commercial cannabis activity if such discretionary review will include any applicable environmental review required under Division 13.

### **SECTION IV**

Should any section, clause, or provision of this Ordinance be declared by the courts to be invalid, the same shall not affect the validity of the Ordinance as a whole, or parts thereof, other than the part so declared to be invalid.

## SECTION V

This ordinance shall take effect on the 31<sup>st</sup> day after the date of final passage.

PASSED AND ADOPTED this \_\_\_ day of \_\_\_\_\_ 2018, by the Board of Supervisors of the County of Santa Cruz by the following vote:

AYES: SUPERVISORS  
NOES: SUPERVISORS  
ABSENT: SUPERVISORS  
ABSTAIN: SUPERVISORS

\_\_\_\_\_  
Chairperson of the  
Board of Supervisors

Attest: \_\_\_\_\_  
Clerk of the Board

APPROVED AS TO FORM:

\_\_\_\_\_  
Office of the County Counsel

cc: County Administrative Office  
Planning Director  
Sheriff's Office

**ORDINANCE NO. \_\_**

**ORDINANCE AMENDING SECTIONS 13.10.700-C, 13.10.312, 13.10.322,  
13.10.332, 13.10.342, 13.10.372, 13.10.382 AND 16.01.020 OF  
AND ADDING SECTION 13.10.650 TO THE SANTA CRUZ COUNTY CODE,  
RELATING TO NON-RETAIL COMMERCIAL CANNABIS USES**

The Board of Supervisors of the County of Santa Cruz ordains as follows:

**SECTION I**

The Santa Cruz County Code is hereby amended by adding the following definitions to Section 13.10.700-C, “C” definitions:

“Cannabis Cultivation (commercial)” means any activity involving the planting, growing, developing, propagating, harvesting, drying, curing, grading, trimming, packaging, or storage of one or more cannabis plants, as defined in SCCC Section 7.128.030, or any part thereof in any location, indoor or outdoor, including within a fully enclosed and secure building, subject to all applicable requirements of SCCC Chapter 7.128.

“Cannabis Distribution” means the activity of storing and/ or transporting cannabis or cannabis products between licensed entities, and any ancillary activity, such as packaging or labeling products that is conducted in association with the distribution activity, as defined in SCCC Section 7.128.130, subject to all applicable requirements of SCCC Chapter 7.128.

“Cannabis Manufacture (commercial)” means the production, preparation, propagation, or compounding of manufactured cannabis products either directly or indirectly, or by extraction methods, independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis, at a fixed location that may also package or repackage cannabis in conjunction with cannabis manufacture activity, as defined in SCCC Section 7.128.030, subject to all applicable requirements of SCCC Chapter 7.128.

**SECTION II**

Section 13.10.312(B) of the Santa Cruz County Code shall be amended to add the following to the agricultural use chart:

| USE                                                                                 | CA | A | AP |
|-------------------------------------------------------------------------------------|----|---|----|
| <b>Cannabis Cultivation (commercial) (subject to Section 13.10.650)<sup>F</sup></b> |    |   | —  |
| Indoor cultivation (existing legal structure, other than greenhouse)                | 3  | 5 | —  |

| USE                                                                                            | CA | A | AP |
|------------------------------------------------------------------------------------------------|----|---|----|
| New indoor cultivation structure (other than greenhouse)                                       |    |   | —  |
| Outside Coastal Zone and 1-mile buffer                                                         |    |   |    |
| 0-2,000 square feet                                                                            | 3  | 5 | —  |
| > 2,000 square feet                                                                            | 5  | 5 | —  |
| Inside Coastal Zone + 1 mile                                                                   | —  | — | —  |
| Greenhouse (existing legal), conversion, replacement, reconstruction, or structural alteration |    |   |    |
| 0-20,000 square feet                                                                           | 3  | 5 | —  |
| > 20,000 square feet                                                                           | 5  | 5 | —  |
| Greenhouse (new)                                                                               |    |   |    |
| Outside Coastal Zone and 1-mile buffer                                                         |    |   |    |
| 0-20,000 square feet                                                                           | 3  | 5 | —  |
| > 20,000 square feet                                                                           | 5  | — | —  |
| Inside Coastal Zone + 1 mile                                                                   | —  | — | —  |
| Outdoor cultivation (or existing legal hoop house)                                             |    |   |    |
| Outside Coastal Zone and 1-mile buffer                                                         | 3  | 5 | —  |
| Inside Coastal Zone + 1 mile                                                                   | 4  | 5 | —  |
| Hoop house (new)                                                                               |    |   |    |
| Outside Coastal Zone and 1-mile buffer                                                         |    |   |    |
| 0-2,000 square feet                                                                            | 3  | 5 | —  |
| > 2,000 square feet                                                                            | 3  | 5 | —  |
| Inside Coastal Zone + 1 mile                                                                   | —  | — | —  |
| Water tank (accessory to cannabis use)                                                         | 3  | 3 | —  |

| USE                                                                        | CA | A    | AP |
|----------------------------------------------------------------------------|----|------|----|
| <b>Cannabis Manufacturing (commercial) (subject to 13.10.650)†</b>         |    |      |    |
| <b>Classes 1-2*****</b>                                                    |    |      |    |
| Outside Coastal Zone and 1-mile buffer,<br>new or existing legal structure |    |      |    |
| 0-2000 square feet                                                         |    |      |    |
| Over 5 acre parcel                                                         | 3  | 3/5± | —  |
| 2.5-5 acre parcel                                                          | 3  | 5    | —  |
| Less than 2.5 acre parcel                                                  | 3  | 5    | —  |
| > 2000 square feet                                                         |    |      |    |
| 5 acre or greater parcel                                                   | 4  | 4/5± | —  |
| Less than 5 acre parcel                                                    | 4  | 5    | —  |
| Inside Coastal Zone + 1 mile, existing legal structure                     |    |      |    |
| 0-2000 square feet                                                         | 3  | 3/5± | —  |
| > 2000 square feet                                                         | 5  | 5    | —  |
| <b>Class 3</b>                                                             |    |      |    |
| Outside Coastal Zone and 1-mile buffer,<br>new or existing legal structure |    |      |    |
| Inside Coastal Zone +1 mile, existing legal structure                      |    |      |    |
| 0-2000 square feet                                                         | 4  | —    | —  |
| > 2000 square feet                                                         | 5  | —    | —  |

| USE                                                                     | CA | A | AP |
|-------------------------------------------------------------------------|----|---|----|
| <b>Cannabis Distribution (subject to 13.10.650)<sup>‡</sup></b>         |    |   |    |
| Class 1 *****                                                           |    |   |    |
| Outside Coastal Zone and 1-mile buffer, new or existing legal structure |    |   |    |
| 0-2000 square feet                                                      | 3  | 3 | —  |
| > 2000 square feet                                                      | 5  | 5 | —  |
| Inside Coastal Zone + 1-mile, existing legal structure                  |    |   |    |
| 0-2000 square feet                                                      | 3  | 3 | —  |
| > 2000 square feet                                                      | 5  | 5 | —  |
| Class 2, existing legal structure                                       |    |   |    |
| Outside Coastal Zone and 1-mile buffer                                  | 3  | — | —  |
| Inside Coastal Zone + 1-mile                                            | 5  |   |    |

<sup>‡</sup>With a license appropriate for zoning classification pursuant to SCCC Chapter 7.128. No new non-retail commercial cannabis structures may be permitted in the Coastal Zone and 1-mile buffer.

<sup>\*</sup>Level 5 approval required if manufacturing activity involves cannabis imported from offsite or employees (not including the owner).

\*\*\*\*\*Cannabis manufacturing and distribution uses must be ancillary to on-site commercial cannabis cultivation in the A zone district.

### SECTION III

Section 13.10.322 (B) of the Santa Cruz County Code shall be amended to add the following to the residential use chart:

| USE                                                                         | RA | RR | R-1 | RB | RM |
|-----------------------------------------------------------------------------|----|----|-----|----|----|
| <b>Cannabis Cultivation (commercial) (subject to 13.10.650)<sup>‡</sup></b> |    |    |     |    |    |
| Indoor Cultivation (existing legal structure, other than greenhouse)        |    |    |     |    |    |
| Outside Coastal Zone and 1 mile buffer                                      |    |    |     |    |    |
| 0-500 square feet                                                           | 5  | —  | —   | —  | —  |
| > 500 square feet                                                           | 5  | —  | —   | —  | —  |
| Inside Coastal Zone +1 mile                                                 | —  | —  | —   | —  | —  |

| USE                                                                                           | RA | RR | R-1 | RB | RM |
|-----------------------------------------------------------------------------------------------|----|----|-----|----|----|
| New indoor cultivation structure (other than greenhouse)                                      |    |    |     |    |    |
| Outside Coastal Zone and 1-mile buffer                                                        |    |    |     |    |    |
| < 500 square feet                                                                             | 5  | —  | —   | —  | —  |
| 500-2,000 square feet                                                                         | 5  | —  | —   | —  | —  |
| > 2,000 square feet                                                                           | 5  | —  | —   | —  | —  |
| Inside Coastal Zone + 1 mile                                                                  | —  | —  | —   | —  | —  |
| Greenhouse (existing legal), conversion, replacement, reconstruction or structural alteration |    |    |     |    |    |
| USE                                                                                           | RA | RR | R-1 | RB | RM |
| Outside Coastal Zone and 1 mile buffer                                                        |    |    |     |    |    |
| 0-500 square feet                                                                             | 5  | —  | —   | —  | —  |
| > 500 square feet                                                                             | 5  | —  | —   | —  | —  |
| Inside Coastal Zone +1 mile                                                                   | —  | —  | —   | —  | —  |
| Greenhouse (new)                                                                              |    |    |     |    |    |
| Outside Coastal Zone and 1-mile buffer                                                        |    |    |     |    |    |
| < 500 square feet                                                                             | 5  | —  | —   | —  | —  |
| 500-2,000 square feet                                                                         | 5  | —  | —   | —  | —  |
| > 2,000 square feet                                                                           | 5  | —  | —   | —  | —  |
| Inside Coastal Zone + 1 mile                                                                  | —  | —  | —   | —  | —  |
| Outdoor cultivation (or existing hoop house)                                                  |    |    |     |    |    |
| Outside Coastal Zone and 1 mile buffer                                                        |    |    |     |    |    |
| 0-500 square feet                                                                             | 5  | —  | —   | —  | —  |
| > 500 square feet                                                                             | 5  | —  | —   | —  | —  |
| Inside Coastal Zone +1 mile                                                                   | —  | —  | —   | —  | —  |
| Hoop house (new)                                                                              |    |    |     |    |    |
| Outside Coastal Zone and 1-mile buffer                                                        |    |    |     |    |    |
| < 500 square feet                                                                             | 5  | —  | —   | —  | —  |
| 500-2,000 square feet                                                                         | 5  | —  | —   | —  | —  |

| USE                                   | RA | RR | R-1 | RB | RM |
|---------------------------------------|----|----|-----|----|----|
| > 2,000 square feet                   | 5  | —  | —   | —  | —  |
| Inside Coastal Zone +1 mile           | —  | —  | —   | —  | —  |
| Water tank (accessory to cultivation) | 3  | —  | —   | —  | —  |

| USE                                                                                                                                 | RA | RR | R-1 | RB | RM |
|-------------------------------------------------------------------------------------------------------------------------------------|----|----|-----|----|----|
| <b>Cannabis Manufacturing (commercial) (subject to 13.10.650), ancillary to on-site commercial cannabis cultivation<sup>†</sup></b> |    |    |     |    |    |

Classes 1-2

Outside Coastal Zone and 1-mile buffer, new or existing legal structure

< 2000 square feet

0 employees (not including owner) 3/5\*\* — — — —

1-5 employees (not including owner) 5 — — — —

2000 or greater square feet

0 employees (not including owner) 5 — — — —

1-5 employees (not including owner) 5 — — — —

Inside Coastal Zone + 1 mile

— — — — —

Class 3

| USE | RA | RR | R-1 | RB | RM |
|-----|----|----|-----|----|----|
|-----|----|----|-----|----|----|

**Cannabis Distribution (subject to 13.10.650), ancillary to on-site commercial cannabis cultivation<sup>†</sup>**

Class 1

Outside Coastal zone and 1-mile buffer, new or existing legal structure

0-2000 square feet 3 — — — —

> 2000 square feet 5 — — — —

Inside Coastal zone + 1 mile

— — — — —

Class 2

— — — — —

<sup>†</sup>With a license appropriate for zoning classification pursuant to SCCC Chapter 7.128. No new non-retail commercial cannabis structures may be permitted in the Coastal Zone and 1-mile buffer.

**\*\*Level 5 approval required if manufacturing activity involves cannabis imported from offsite.**

## SECTION IV

Section 13.10.332(B) of the Santa Cruz County Code shall be amended to add the following to the commercial use chart:

| USE                                                                                                 | PA | VA | CT | C-1 | C-2 | C-4 |
|-----------------------------------------------------------------------------------------------------|----|----|----|-----|-----|-----|
| <b>Cannabis Cultivation (commercial)<br/>(subject to 13.10.650)<sup>F</sup></b>                     |    |    |    |     |     |     |
| Indoor cultivation (existing legal structure<br>other than greenhouse)                              |    |    |    |     |     |     |
| < 5,000 square feet                                                                                 | —  | —  | —  | —   | —   | 5   |
| 5,000 to 20,000 square feet                                                                         | —  | —  | —  | —   | —   | 5   |
| > 20,000 square feet                                                                                | —  | —  | —  | —   | —   | 6   |
| New indoor cultivation structure (other than<br>greenhouse)                                         |    |    |    |     |     |     |
| Outside Coastal Zone and 1-mile buffer                                                              |    |    |    |     |     |     |
| < 5,000 square feet                                                                                 | —  | —  | —  | —   | —   | 5   |
| 5,000 to 20,000 square feet                                                                         | —  | —  | —  | —   | —   | 5   |
| > 20,000 square feet                                                                                | —  | —  | —  | —   | —   | 6   |
| Inside Coastal Zone + 1 mile                                                                        | —  | —  | —  | —   | —   | —   |
| Greenhouse (existing legal), conversion,<br>replacement, reconstruction or structural<br>alteration |    |    |    |     |     |     |
| < 5,000 square feet                                                                                 | —  | —  | —  | —   | —   | 5   |
| 5,000 to 20,000 square feet                                                                         | —  | —  | —  | —   | —   | 5   |
| > 20,000 square feet                                                                                | —  | —  | —  | —   | —   | 6   |
| Greenhouse (new)                                                                                    |    |    |    |     |     |     |
| Outside Coastal Zone and 1-mile buffer                                                              |    |    |    |     |     |     |
| < 5,000 square feet                                                                                 | —  | —  | —  | —   | —   | 5   |
| 5,000 to 20,000 square feet                                                                         | —  | —  | —  | —   | —   | 5   |
| > 20,000 square feet                                                                                | —  | —  | —  | —   | —   | 6   |
| Inside Coastal Zone + 1 mile                                                                        | —  | —  | —  | —   | —   | —   |

| USE                                    | PA | VA | CT | C-1 | C-2 | C-4 |
|----------------------------------------|----|----|----|-----|-----|-----|
| Water tank (accessory to cannabis use) | —  | —  | —  | —   | —   | 3   |
| Outdoor cultivation                    | —  | —  | —  | —   | —   | —   |
| Hoop house cultivation                 | —  | —  | —  | —   | —   | —   |

| USE                                                                           | PA | VA | CT | C-1 | C-2 | C-4 |
|-------------------------------------------------------------------------------|----|----|----|-----|-----|-----|
| <b>Cannabis Manufacturing (commercial) (subject to 13.10.650)<sup>†</sup></b> |    |    |    |     |     |     |

Classes 1-2

Outside Coastal Zone and 1-mile buffer,  
new or existing legal structure

|                         |   |   |   |   |     |   |
|-------------------------|---|---|---|---|-----|---|
| < 2000 square feet      | — | — | — | — | 4** | 4 |
| 2000-20,000 square feet | — | — | — | — | 5** | 5 |
| > 20,000 square feet    | — | — | — | — | 6** | 6 |

Inside Coastal Zone + 1 mile,  
existing legal structure

|                         |   |   |   |   |     |   |
|-------------------------|---|---|---|---|-----|---|
| < 2000 square feet      | — | — | — | — | 4** | 4 |
| 2000-20,000 square feet | — | — | — | — | 5** | 5 |
| > 20,000 square feet    | — | — | — | — | 6** | 6 |

Class 3

Outside Coastal Zone and 1-mile buffer, new  
or existing legal structure

|                         |   |   |   |   |   |   |
|-------------------------|---|---|---|---|---|---|
| < 2000 square feet      | — | — | — | — | — | 4 |
| 2000-20,000 square feet | — | — | — | — | — | 5 |
| > 20,000 square feet    | — | — | — | — | — | 6 |

Inside Coastal Zone + 1 mile,  
existing legal structure

|                         |   |   |   |   |   |   |
|-------------------------|---|---|---|---|---|---|
| < 2000 square feet      | — | — | — | — | — | 4 |
| 2000-20,000 square feet | — | — | — | — | — | 5 |
| > 20,000 square feet    | — | — | — | — | — | 6 |

| USE                                                                     | PA | VA | CT | C-1 | C-2       | C-4    |
|-------------------------------------------------------------------------|----|----|----|-----|-----------|--------|
| <b>Cannabis Distribution (subject to 13.10.650)<sup>†</sup></b>         |    |    |    |     |           |        |
| <b>Class 1</b>                                                          |    |    |    |     |           |        |
| Outside Coastal Zone and 1-mile buffer                                  |    |    |    |     |           |        |
| New structure                                                           |    |    |    |     |           |        |
| 0-2000 square feet                                                      | —  | —  | —  | —   | —         | 3      |
| > 2000 square feet                                                      | —  | —  | —  | —   | —         | 5      |
| Existing legal structure                                                | —  | —  | —  | —   | 3**       | 3      |
| Inside Coastal Zone + 1 mile, existing legal structure                  | —  | —  | —  | —   | 3**       | 3      |
| <b>Class 2</b>                                                          |    |    |    |     |           |        |
| Outside Coastal Zone and 1-mile buffer, new or existing legal structure | —  | —  | —  | —   | 4/5/6* ** | 4/5/6* |
| Inside Coastal Zone + 1 mile, existing legal structure                  | —  | —  | —  | —   | 4/5/6* ** | 4/5/6* |

<sup>†</sup> With a license appropriate for zoning classification pursuant to SCCC Chapter 7.128. No new non-retail commercial cannabis structures may be permitted in the Coastal Zone and 1-mile buffer.

\*\*Cannabis distribution activities may occur only in conjunction with a licensed dispensary on the parcel. Cannabis manufacturing activities may occur only in conjunction with a licensed dispensary on the parcel, unless an exception is granted pursuant to SCCC 13.10.650(D)(2)(f).

## SECTION V

Section 13.10.342 (B) of the Santa Cruz County Code shall be amended to add the following to the industrial use chart:

| USE                                                                  | M-1 | M-2 | M-3 |
|----------------------------------------------------------------------|-----|-----|-----|
| <b>Cannabis Cultivation (subject to 13.10.650)<sup>†</sup></b>       |     |     |     |
| Indoor cultivation (existing legal structure, other than greenhouse) |     |     |     |
| 0-10,000 square feet                                                 | 5   | 5   | 5   |
| > 10,000 square feet                                                 | 5   | 5   | 5   |
| New indoor cultivation structure (other than greenhouse)             |     |     |     |

| USE                                                                                           | M-1 | M-2 | M-3 |
|-----------------------------------------------------------------------------------------------|-----|-----|-----|
| Outside Coastal Zone and 1 mile buffer                                                        |     |     |     |
| Up to 2,000 square feet                                                                       | 5   | 5   | 5   |
| 2,000 to 20,000 square feet                                                                   | 5   | 5   | 5   |
| > 20,000 square feet                                                                          | 6   | 6   | 6   |
| Inside Coastal Zone + 1 mile                                                                  | —   | —   | —   |
| Greenhouse (existing legal), conversion, replacement, reconstruction or structural alteration |     |     |     |
| 0- 10,000 square feet                                                                         | 5   | 5   | 5   |
| > 10,000 square feet                                                                          | 5   | 5   | 5   |
| Greenhouse (new)                                                                              |     |     |     |
| Outside Coastal Zone and 1 mile buffer                                                        |     |     |     |
| < 2,000 square feet                                                                           | 5   | 5   | 5   |
| 2,000- 20,000 square feet                                                                     | 5   | 5   | 5   |
| > 20,000 square feet                                                                          | 6   | 6   | 6   |
| Inside Coastal Zone + 1 mile                                                                  | —   | —   | —   |
| Water tank (accessory to cannabis use)                                                        | 3   | 3   | 3   |
| Outdoor cultivation (or new or existing hoop house)                                           | —   | —   | 5** |

| USE                                                                     | M-1 | M-2 | M-3 |
|-------------------------------------------------------------------------|-----|-----|-----|
| <b>Cannabis Manufacturing (subject to 13.10.650)<sup>F</sup></b>        |     |     |     |
| Classes 1-3                                                             |     |     |     |
| Outside Coastal Zone and 1-mile buffer, new or existing legal structure |     |     |     |
| < 2000 square feet                                                      | 4   | 4   | 3   |
| 2000-20,000 square feet                                                 | 5   | 5   | 3   |
| Over 20,000 square feet                                                 | 6   | 6   | 3   |
| Inside Coastal Zone and 1-mile buffer, existing legal structure         |     |     |     |
| < 2000 square feet                                                      | 4   | 4   | 4   |

| USE                     | M-1 | M-2 | M-3 |
|-------------------------|-----|-----|-----|
| 2000-20,000 square feet | 5   | 5   | 4   |
| Over 20,000 square feet | 6   | 6   | 5   |

| USE                                                             | M-1 | M-2 | M-3 |
|-----------------------------------------------------------------|-----|-----|-----|
| <b>Cannabis Distribution (subject to 13.10.650)<sup>†</sup></b> |     |     |     |

Class 1

Outside Coastal Zone and 1-mile buffer

|                          |        |        |        |
|--------------------------|--------|--------|--------|
| Existing legal structure | 3      | 3      | 3      |
| New structure            | 4/5/6* | 4/5/6* | 4/5/6* |

Inside Coastal Zone and 1-mile Buffer

|                          |        |        |        |
|--------------------------|--------|--------|--------|
| Existing legal structure | 4/5/6* | 4/5/6* | 4/5/6* |
| New structure            | —      | —      | —      |

Class 2

Outside Coastal Zone and 1-mile buffer, new or existing legal structure

4/5/6\* 4/5/6\* 4/5/6\*

Inside Coastal Zone and 1-mile buffer, existing legal structure

4/5/6\* 4/5/6\* 4/5/6\*

<sup>†</sup>With a license appropriate for zoning classification pursuant to SCCC Chapter 7.128. No new non-retail commercial cannabis structures may be permitted in the Coastal Zone and 1-mile buffer.

<sup>\*\*</sup>Outdoor or hoop house cultivation may be permitted only in conjunction with adoption or amendment of a reclamation plan.

## SECTION VI

Section 13.10.372 of the Santa Cruz County Code shall be amended to add the following to the Timber Production (TP) use chart:

| USE                                                                         | TP |
|-----------------------------------------------------------------------------|----|
| <b>Cannabis Cultivation (commercial) (subject to 13.10.650)<sup>†</sup></b> |    |
| Indoor cultivation (existing legal structure, other than greenhouse)        |    |
| Outside Coastal Zone and 1 mile buffer                                      | 5  |

| USE                                                                                                                    | TP     |
|------------------------------------------------------------------------------------------------------------------------|--------|
| Inside Coastal Zone + 1 mile                                                                                           | —      |
| New indoor cultivation structure (not greenhouse)                                                                      |        |
| Outside Coastal Zone and 1 mile buffer                                                                                 | 5      |
| Inside Coastal Zone + 1 mile                                                                                           | —      |
| Greenhouse (existing legal), conversion, replacement, reconstruction or structural alteration                          |        |
| Outside Coastal Zone and 1 mile buffer                                                                                 | 5      |
| Inside Coastal Zone +1 mile                                                                                            | —      |
| Greenhouse (new)                                                                                                       |        |
| Outside Coastal Zone and 1 mile buffer                                                                                 | 5      |
| Inside Coastal Zone + 1 mile                                                                                           | —      |
| Outdoor cultivation (or existing hoop house)                                                                           |        |
| Outside Coastal Zone and 1 mile buffer                                                                                 |        |
| 0-500 square feet                                                                                                      | 5      |
| > 500 square feet                                                                                                      | 5      |
| Inside Coastal Zone +1 mile                                                                                            | —      |
| Hoop house (new)                                                                                                       |        |
| Outside Coastal Zone and 1-mile buffer                                                                                 |        |
| 0-2,000 square feet                                                                                                    | 5      |
| > 2,000 square feet                                                                                                    | 5      |
| Inside Coastal Zone + 1 mile                                                                                           | —      |
| Water tank (accessory to cannabis use)                                                                                 | 3      |
| USE                                                                                                                    | TP     |
| <b>Cannabis Manufacturing (subject to 13.10.650), ancillary to on-site commercial cannabis cultivation<sup>F</sup></b> |        |
| Classes 1-2                                                                                                            |        |
| Outside Coastal Zone and 1 mile buffer, new or existing legal structure                                                | 3/5*** |
| Inside Coastal Zone + 1 mile                                                                                           | —      |
| Class 3                                                                                                                | —      |

| USE                                                             | TP |
|-----------------------------------------------------------------|----|
| <b>Cannabis Distribution (subject to 13.10.650)<sup>‡</sup></b> |    |
| Class 1                                                         |    |
| Outside Coastal Zone and 1 mile buffer                          |    |
| Existing legal structure                                        | 3  |
| New structure                                                   | 5  |
| Inside Coastal Zone + 1 mile                                    | —  |
| Class 2                                                         | —  |

<sup>‡</sup>With a license appropriate for zoning classification pursuant to SCCC Chapter 7.128. Non-retail commercial cannabis uses may be permitted in the TP zoning district only on sites with a pre-existing legal commercial use. No new non-retail commercial cannabis structures may be permitted in the Coastal Zone and 1-mile buffer.

\*\*\*Level 5 approval required if manufacturing activity involves cannabis imported from offsite.

## SECTION VII

Section 13.10.650 is hereby added to read, as follows:

### **13.10.650 Non-Retail Commercial Cannabis Uses.**

All non-retail commercial cannabis uses, including commercial cannabis cultivation, manufacturing and distribution, shall be subject to the following limitations:

(A) License. Non-retail commercial cannabis uses shall not be permitted on any parcel within the County without 1) a currently valid local license required by SCCC Chapter 7.128; and 2) a currently valid State license required under California law. Except as expressly defined in this Section 13.10.650, the definitions in Section 7.128.030 shall apply to the terms used herein.

(B) General.

(1) Procedures. Non-retail commercial cannabis uses and development shall be subject to the procedures applicable under SCCC Chapter 18.10 at the approval level established in the appropriate use chart for the zoning district. For purposes of determining the approval level applicable to cannabis uses and development, the square footage of a structure, greenhouse, hoop house or growing area shall be cumulative as to the parcel, cultivation site or facility, as applicable.

(2) Development. Inside the Coastal Zone, and within one mile beyond the Coastal Zone, no new non-retail commercial cannabis structures may be permitted. Except for legal structures existing on the effective date of this Section 13.10.650, use of any structure for non-

retail commercial cannabis use shall be considered new development. All non-retail commercial cannabis uses and development, including structures, greenhouses, hoop houses, and related parking lots and access roads, proposed for non-retail commercial cannabis uses in zoning districts in which such uses may be approved shall be consistent with the General Plan and shall require all other applicable approvals (including but not limited to grading and building permits and coastal development permits for development as defined in SCCC Chapter 13.20) and shall be subject to all other applicable requirements of this Code and other applicable laws and regulations.

(3) Best Management and Operational Practices Plan. No use or development permit for non-retail commercial cannabis business activities may be issued before the applicant has submitted, and both the Planning Department and the Cannabis Licensing Official have approved, a completed Best Management and Operational Practices (“BMOP”) Plan on the form(s) created by the Cannabis Licensing Official for that purpose. The purpose of the BMOP Plan is to ensure that all cannabis business activities conserve natural resources and have as minimal an impact as possible on the surrounding environment. The BMOP Plan shall address siting criteria, site design, construction requirements, operational requirements, and additional miscellaneous issues in order to meet this purpose.

(4) Environmental Protection. All non-retail commercial cannabis use shall comply with the provisions of all applicable environmental laws and regulations, including County environmental resource protection ordinances (SCCC Title 16) and all applicable requirements of Division 13 (commencing with Section 21000) of the Public Resources Code (the California Environmental Quality Act, and State CEQA Guidelines, process). No non-retail commercial cannabis use or development may be permitted except upon a finding that the approval will not result in any significant unmitigated impacts to water supply, biotic resources or other sensitive environmental resources.

(5) No Cannabis Activities allowed within Sandhills Habitat or Salamander Protection Zone. The County shall review whether a cultivation or manufacturing site is located within the Sandhills habitat or in oak woodland within ¼ mile of a known or suspected salamander breeding pond during its biological resources assessment process. The County shall not issue a license for any cannabis activity proposed within the Sandhills or SCLTS habitats, with the exception of those indoor activities that do not require any soil disturbance.

(6) Land Clearing/ Grading. A land clearing permit must be obtained for any clearing in sensitive habitat as defined in SCCC Title 16.32 and for clearing exceeding 0.25 acre in any other area. In addition to meeting standards and regulations found in SCCC Title 16 and any other applicable regulation in Title 13:

- (a) Retained cuts and fills shall not exceed 10 feet.
- (b) Non-retained cuts and fills shall not exceed five feet.

(c) Outdoor cultivation is not allowed on slopes steeper than 20 percent.

(d) No grading is allowed on slopes greater than 20 percent, where slope gradient is measured as natural grade, or where the grade has been modified through an approved grading permit.

(e) Remedial grading may be necessary in order to satisfy the requirements of this chapter. All remedial grading must be shown on the final grading plan. Remedial grading may include overexcavation and recompaction of on-site soils, buttress fills, or other grading activities deemed necessary to bring unpermitted grading into compliance with County Code.

(f) Excessive or unnecessary grading may be grounds for grading application denial.

Exceptions to these rules may be granted if exceeding the limits above will result in less environmental damage than all other design alternatives, or if no other alternative exists, as determined by Environmental Planning staff.

(7) Outside Lighting. The application for a non-retail commercial cannabis use or development permit shall include plans for all outdoor lighting for review and approval. All outdoor lighting shall have the illumination directed downward or shielded so that glare is not projected onto adjacent properties or skyward.

(8) Parking. The application for a non-retail commercial cannabis use or development permit shall include a parking plan and documentation of parking needs for review and approval. The plan shall provide adequate off-street parking for all employees, and allow for loading and unloading.

(9) Site and Building Design. All new development shall be clustered or otherwise sited to reduce impacts. New structural development shall ensure the proposed building has sufficient architectural design to be compatible with the architectural character and scale of the surrounding area.

(a) In the CA zone district, any new development and conversion of any soil-dependent greenhouse for non-retail commercial cannabis use shall be subject to the findings in SCCC Section 13.10.314(A).

(b) In the TP zone district, permits authorizing non-retail commercial cannabis activities may be granted only i) on parcels with a pre-existing legal commercial use (regardless of when established) where cannabis business activities will take place in previously-cleared areas; or b) on parcels where sufficient evidence exists that cannabis was being cultivated as of January 2013. New development and site disturbance associated with cannabis business activities and related infrastructure on these parcels are limited to: i) no more than 5500 square feet of site disturbance; and ii) the removal of no more than five trees with an individual diameter breast height (d.b.h.) between 12 and 40 inches. Moreover, a timberland conversion

permit must be obtained as required by the California Division of Forestry before any trees are removed, and removal of trees with a d.b.h. of greater than 40 inches is not permitted. In addition, any new structural development and parking facilities on these parcels shall be clustered within 200 feet of other buildings on the parcel in order to facilitate timber production and harvesting and to preserve the rural character of the land, unless a different option can be demonstrated to have fewer environmental impacts.

(10) Setbacks. All development shall be set back from the property line the minimum distance required by the zone district, or as otherwise required in this Section 13.10.650, and may be required as a condition of a use or development permit to be set back a specified distance from the nearest off-site residence, if applicable, depending on the individual circumstances of the application.

(11) Landscaping and Screening. All new structural development shall be landscaped or located in the natural setting to soften the geometric form and to blend it with the rural character of the surrounding area. Parking lots and outdoor work and storage areas shall be screened from view from adjacent properties and roadways by vegetative plantings or other natural features and screening. Plantings shall be completed before final building inspection is approved.

(12) Outside Operations. Applications for a non-retail commercial cannabis use or development permit shall include information to describe the nature of any proposed outside operations. All outside operations shall be screened to minimize visibility from adjacent residences and roads.

(13) Noise Control. The application for a non-retail commercial cannabis use or development permit shall include information regarding the anticipated noise levels of the cannabis operation. Noise shall be limited to be consistent with the requirements of the General Plan Noise Element.

(14) Operating Hours.

(a) The application for a non-retail commercial cannabis use or development permit shall include information regarding the proposed operating hours of the facility. The operating hours shall be established and approved as a condition of the approval.

(b) Outside operating hours shall be limited to 7:00 a.m. to 7:00 p.m. These limits may be exceeded by obtaining approval of the Planning Commission, and limits shall be set by condition on the use approval based on the individual merits of the location and surroundings.

(15) Access. Access shall meet County road standards for the proposed use, including accommodation of delivery vehicles and emergency vehicles.

(16) Fire Protection. All regulations of the local fire district or County Fire Marshal shall be met to ensure adequate access, water availability and other conditions for fire protection.

(17) Water.

(a) All applications for any non-retail commercial cannabis use or development permit shall be accompanied by a letter from the water district serving the area stating that adequate capacity is available to serve the use, or the applicant shall demonstrate it has an approved on-site source or other adequate alternative source of water.

(b) All water used for cultivation purposes must be obtained from an approved on-site source, except for water used in the case of emergencies, and water obtained from a Department of Public Health, Food and Drug Branch licensed purveyor that is used solely for the initial filling of water tanks used to meet on-site water storage requirements for firefighting purposes. Cannabis shall not be cultivated with the use of a shared water source or water extraction equipment without the express permission of all of the persons holding an ownership interest in that water source or water extraction equipment. The applicant shall submit an identification of water supply to be used for cultivation and documentation demonstrating that the source is in compliance with all statutes, regulations, and requirements of the California State Water Resources Control Board, Division of Water Rights.

(c) If a new structure is proposed to be constructed, water saving devices shall be incorporated into the design, and shall be indicated on building and landscaping plans for review and approval.

(18) Sewer/Septic. A letter from the sewer district serving the parcel shall be submitted with the application stating that adequate capacity is available to serve the use, or the applicant shall otherwise demonstrate compliance with the requirements of SCCC Chapter 7.38 and adequacy of any septic system serving the site.

(19) Odors. Applications for a commercial cannabis use or development permit for outdoor cultivation must include a written statement demonstrating that the applicant has, to the maximum extent feasible given the topography of the site, taken neighboring sensitive receptors into account in site selection.

(20) Indemnity. Each use or development permit issued pursuant to this Section 13.10.650 shall have as a condition of the permit a requirement that the applicant defend, indemnify and hold harmless the County and its officers, agents, and employees from and against any claim (including attorney's fees) against the County, its officers, employees or agents to attack, set aside, void or annul the approval of the permit or any subsequent amendment of the permit.

(C) Commercial Cannabis Cultivation.

(1) Zoning. Subject to the limitations set forth in subsections (2), (3) and (4) below, commercial cannabis cultivation uses may be permitted in the following zones: CA (Commercial Agriculture), A (Agriculture), RA (Residential Agriculture), C-4 (Commercial Services), M (Industrial), TP (Timber Production), and SU (Special Use) where the General Plan designation of the parcel is AG (Agriculture) or where the parcel has a General Plan designation of I (Heavy Industry) or Q (Quarry).

(2) Minimum Parcel Size.

(a) The minimum parcel size for commercial cannabis cultivation in the CA zone is one acre.

(b) The minimum parcel size for commercial cannabis cultivation in the A zone is ten acres.

(c) The minimum parcel size for commercial cannabis cultivation in the RA zone is five acres.

(d) The minimum parcel size for commercial cannabis cultivation in the TP zone is five acres.

(e) The minimum parcel size for commercial cannabis cultivation in the SU zone is five acres for parcels with a General Plan designation of AG; there is no minimum parcel size for parcels in the SU zone with a General Plan designation of I or Q.

Exceptions to the minimum parcel size may be allowed in any zone for up to 10% of the required minimum for that zone where a finding is made that cannabis cultivation will not have substantially greater impact on adjacent parcels or surrounding uses due to its decreased size.

(3) Restrictions.

(a) Commercial cannabis cultivation shall not be permitted inside the Coastal Zone or within one mile beyond the Coastal Zone, except in the CA, A, C-4 and M zones, and on SU parcels with a General Plan designation of Q (Quarry).

(b) Commercial cannabis cultivation shall not be permitted within the Urban Services Line or the Rural Services Line, except in C-4 and M zones and in CA and A zones located inside the Coastal Zone and within one mile beyond the Coastal Zone.

(c) Inside the Coastal Zone, and within one mile beyond the Coastal Zone, commercial cannabis cultivation may only be permitted in CA and A zones outdoors or in legal structures existing on the effective date of the ordinance adopting this Section 13.10.650. No new structures, including hoop houses (defined as agricultural shade structures exempt from building permits under SCCC Section 12.10.315) shall be allowed.

(d) No outdoor (including hoop house) commercial cannabis cultivation shall be permitted in zones C-4 and M.

(i) Exception: In the M-3 zoning district and in the SU zoning district on parcels with a Q (Quarry) General Plan designation, where quarry operations have ceased, outdoor or hoop house cultivation may be permitted in conjunction with the adoption or amendment of a reclamation plan.

(e) Commercial cannabis cultivation may be permitted in SU zones only if the General Plan designation of the parcel is AG (Agriculture) or where the parcel has a General Plan designation of I (Heavy Industry) or Q (Quarry), subject to the restrictions of SCCC 13.10.382.

(f) Indoor cultivation of immature plants (starts and seedlings) may only take place within legal structures existing as of the effective date of the ordinance adopting this Section 13.10.650, or shall be accommodated in a new permitted structure without requiring the addition of any square or cubic footage (such as by vertical stacking or shelving).

(4) Setbacks.

(a) Commercial cannabis cultivation shall not be allowed within six hundred (600) feet of (i) a municipal boundary; (ii) a school, a day care center, or youth center; (iii) a library; (iv) an alcohol or drug treatment facility; or (v) any park other than a State Park located within the urban area defined by the Urban Services Line.

(b) Commercial cannabis cultivation shall not be allowed within 0.25 miles of a school if pesticides may be applied using aircraft, air blast sprayers, sprinklers, dust, powder, or fumigants.

(c) Commercial cannabis cultivation shall not be allowed within two hundred (200) feet of any habitable structure on a neighboring parcel.

(d) Commercial cannabis cultivation shall not be allowed within three hundred (300) feet of a State Park located within the urban area defined by the Urban Services Line.

(e) On parcels ranging in size from one to five acres, commercial cannabis cultivation shall not be allowed within one hundred (100) feet of a public right-of-way. This setback does not apply when the cultivation is entirely indoors.

(f) On parcels ranging in size from five to ten acres, commercial cannabis cultivation shall not be allowed within two hundred (200) feet of a public right-of-way. This setback does not apply when the cultivation is entirely indoors.

(g) On parcels over ten acres in size, commercial cannabis cultivation shall not be allowed within three hundred (300) feet of a public right-of-way. This setback does not apply when the cultivation is entirely indoors.

(h) Commercial cannabis cultivation shall not be allowed within one hundred (100) feet of a perennial stream.

(i) Commercial cannabis cultivation shall not be allowed within fifty (50) feet of an intermittent stream or within the setbacks required by SCCC Chapters 16.30 (riparian corridor and wetlands protection) or 16.32 (sensitive habitats)

(j) Commercial cannabis cultivation shall not be allowed within fifty (50) feet of an ephemeral stream or within the setbacks required by SCCC Chapters 16.30 (riparian corridor and wetlands protection) or 16.32 (sensitive habitats).

(k) Commercial cannabis cultivation shall not be allowed within one hundred (100) feet of the high water mark of a lake, estuary, lagoon, or natural body of standing water.

(l) For purposes of this section, “school” means any licensed preschool or any public or private school providing instruction in kindergarten or grades 1 to 12, inclusive, but does not include any private school in which education is primarily conducted in private residences.

(m) For purposes of this section, “park” means any playground, hiking or riding trail, recreational area, beach, community center or building, historic structure or facility, conservation land, biological mitigation area, or open space owned, managed or controlled by any public entity or conservation entity such as a non-profit land trust.

(n) The distance specified in this sub-section for municipal boundaries, schools, day care centers, youth centers, libraries, and drug treatment facilities shall be the horizontal distance measured in a straight line from the municipal boundary, school, library, park, and drug treatment facility to the closest property line of the parcel on which cannabis is being cultivated, without regard to intervening structures.

(o) The distance specified in this sub-section for public rights-of-way, streams, and habitable structures shall be the horizontal distance measured in a straight line from the public right-of-way, streams and water areas, or habitable structure and the growing area on the cultivation site, without regard to intervening structures.

(p) Exceptions. Excluding setbacks required by SCCC Chapters 16.30 or 16.32, exceptions to the rules set forth herein for setbacks may be allowed subject to a Level 5 approval process with a finding, upon recommendation of the Licensing Official, that the exception is appropriate because physical conditions specific to the cultivation site (such as topography or intervening structures or vegetation) reduce the setback distance necessary to protect the public interest. Notwithstanding the foregoing, no exception shall be granted

allowing a setback of less than one hundred (100) feet from a habitable structure of a neighboring parcel.

(D) Commercial Cannabis Manufacturing.

(1) Zoning. Subject to the limitations set forth in subsections (2) and (3) below, commercial cannabis manufacturing uses may be permitted, as follows:

(a) Class 1 and Class 2 commercial cannabis manufacturing uses are limited to the following zoning districts: CA (Commercial Agriculture), A (Agriculture), RA (Residential Agricultural), TP (Timber Production), C-2 (Community Commercial), C-4 (Commercial Services), M-1 (Light Industrial), M-2 (Heavy Industrial), M-3 (Mineral Extraction Industrial), and SU (Special Use) where the General Plan designation of the parcel is AG (Agricultural) or where the parcel has a General Plan designation of I (Industrial) or Q (Quarry).

(b) Class 3 commercial cannabis manufacturing uses are limited to the following zoning districts: CA (Commercial Agriculture), C-4 (Commercial Services), M-1 (Light Industrial), M-2 (Heavy Industrial), and M-3 (Mineral Extraction Industrial), and SU on parcels with a General Plan designation of Q (Quarry).

(2) Restrictions.

(a) In the geographic area designated as the Coastal Zone, and within one mile beyond the Coastal Zone, commercial cannabis manufacturing may only take place within legal structures existing on the effective date of the ordinance adopting this Section 13.10.650.

(b) All Class 3 commercial cannabis manufacturing uses must be located within a 10 minute response time of a fire station. If unable to meet this requirement, a fire clearance shall be required to verify that the facility can safely operate while protecting public health, safety and welfare. No facility shall be established beyond a 20-minute fire response time from the nearest responsible fire station in rural areas.

(c) Cannabis manufacture facilities shall be inaccessible by the general public and should be fully enclosed if feasible.

i. Exception: An open air extraction area may be established in the CA and A zone districts at a fixed, permanent, and fully secured location where parcel size is at least 20 acres and no residence receptors are located in proximity to the operation (as determined by the Monterey Bay Unified Air Pollution Control District).

(d) Cannabis manufacturing uses within the A, RA and TP zone districts and on parcels within SU zone districts where the General Plan designation is AG (Agriculture) may be permitted only on a parcel that contains a detached single-family dwelling. No manufacturing activities may be undertaken in a dwelling, whether as a home occupation pursuant to SCCC Section 13.10.613 or otherwise, but activities in a legal accessory structure may be permitted subject to all applicable restrictions. All manufacturing uses in the A and RA zone districts and

on parcels within SU zone districts where the General Plan designation is AG (Agriculture) that include employees (excepting the owner of the parcel) shall require a Level 5 approval.

(e) Cannabis manufacturing uses in the A, RA and TP zone districts and on parcels within SU zone districts where the General Plan designation is AG (Agriculture) shall be ancillary to licensed commercial cannabis cultivation on the parcel and import of cannabis material for onsite manufacturing may be permitted only with a Level 5 approval, and only as long as manufacturing using imported material does not require new structural development or any additional employees.

(f) In the C-2 zone district, commercial cannabis manufacturing is only allowed in conjunction with a licensed dispensary, unless a finding is made, upon recommendation of the Licensing Official, that a proposed stand-alone manufacturing facility within the C-2 zone is consistent with the General Plan and compatible with and will not adversely affect surrounding uses, based on consideration of site-specific conditions

(3) Setbacks. No cannabis manufacturing facility may be located within 600 feet from (i) a school, (ii) a day care center, or (iii) a youth center. The distance specified in this subsection shall be the horizontal distance measured in a straight line from the property line of the school, day care or youth center to the closest property line of the lot containing the manufacturing facility under review, without regard to intervening structures.

(a) For purposes of this section, “school” means any licensed preschool or any public or private school providing instruction in kindergarten or grades 1 to 12, inclusive, but does not include any private school in which education is primarily conducted in private residences.

(b) Exceptions. Exceptions to the rules set forth herein for setbacks may be allowed subject to a Level 4 approval with a finding, upon recommendation of the Licensing Official, that the exception is appropriate because physical conditions specific to the manufacturing facility (such as topography or intervening vegetation or structures) reduce the setback distance necessary to protect the public interest

(E) Cannabis Distribution.

(1) Zoning. Subject to the restrictions set forth in subsections (2) and (3) below, commercial cannabis distribution uses may be permitted, as follows:

(a) Cannabis distribution pursuant to a Class 1 license associated with commercial cannabis cultivation or manufacturing may be permitted in any zoning district in which that use (cultivation or manufacturing, as applicable) is authorized.

(b) Cannabis distribution pursuant to a Class 2 license may be permitted only in the C-2 (Community Commercial), C-4 (Commercial Services), M-1 (Light Industrial), M-2 (Heavy Industrial), M-3 (Mineral Extraction Industrial), CA (Commercial Agriculture) zoning districts, the SU (Special Use) zoning district in accordance with SCCC Section 13.10.382, and

in the CA zone district within legal structures existing on the effective date of the ordinance adopting this Section 13.10.650.

(2) Restrictions.

(a) In the geographic area designated as the Coastal Zone, and within one mile beyond the Coastal Zone, commercial cannabis distribution may only take place within legal structures existing on the effective date of the ordinance adopting this Section 13.10.650.

(b) A distribution facility shall be inaccessible by the general public and should be fully enclosed if feasible.

(c) Commercial cannabis distribution uses in the RA and A zone districts shall be ancillary to licensed commercial cannabis cultivation on the parcel.

(d) In the C-2 zone district, commercial cannabis distribution is only allowed in conjunction with a licensed dispensary, or licensed commercial cannabis manufacturing.

(3) Setbacks.

(a) No license may be issued to operate a cannabis distribution facility located within 600 feet from (i) a school, (ii) a day care center, or (iii) a youth center. The distance specified in this subsection shall be the horizontal distance measured in a straight line from the property line of the school to the closest property line of the lot containing the manufacturing facility under review, without regard to intervening structures.

(b) For purposes of this section, "School" means any licensed preschool or any public or private school providing instruction in kindergarten or grades 1 to 12, inclusive, but does not include any private school in which education is primarily conducted in private residences.

(c) Exceptions to the rules set forth herein for setbacks may be allowed subject to a Level 4 approval with a finding, upon recommendation of the Licensing Official, that the exception is appropriate because physical conditions specific to the distribution facility (such as topography or intervening vegetation or structures) reduce the setback distance necessary to protect the public interest.

## SECTION VIII

Section 13.10.382 of the Santa Cruz County Code shall be amended to add the following new subsection (C), and subsection (D) shall be renumbered accordingly:

(C) Non-Retail Commercial Cannabis Uses.

(1) Commercial cannabis cultivation uses may be permitted within the Special Use (SU) District, subject to all applicable requirements of SCCC Section 13.10.650 and Chapter 7.128, where the General Plan designation is AG (Agriculture) or where the parcel has a General Plan designation of I (Heavy Industry) or Q (Quarry). Where the General Plan designation is AG, cultivation uses may be permitted subject to the limitations applicable under SCCC Sections 13.10.312(B) and 13.10.650 in the RA zone district. Where the General Plan designation is I or Q, cultivation uses may be permitted subject to the limitations applicable under SCCC Sections 13.10.342(B) and 13.10.650 in the M-3 zoning district.

(2) Commercial cannabis manufacturing uses may be permitted within the Special Use (SU) District, subject to all applicable requirements of SCCC Section 13.10.650 and Chapter 7.128, where the General Plan designation of the parcel is AG (Agricultural) or where the parcel has a General Plan designation of I (Industrial) or Q (Quarry). Where the General Plan designation is AG, manufacturing uses may be permitted subject to the limitations applicable under SCCC Sections 13.10.312(B) and 13.10.650 in the RA zone district. Where the General Plan designation is I or Q, manufacturing uses may be permitted subject to the limitations applicable under SCCC Sections 13.10.342(B) and 13.10.650 in the M-3 zoning district.

(3) Class 1 cannabis distribution may be permitted within the Special Use (SU) District, subject to all applicable requirements of SCCC Section 13.10.650 and Chapter 7.128, where the General Plan designation of the parcel is AG (Agriculture) or where the parcel has a General Plan designation of I (Heavy Industry) or Q (Quarry). Where the General Plan designation is AG, Class 1 distribution uses may be permitted subject to the limitations applicable under SCCC Sections 13.10.312(B) and 13.10.650 in the RA zone district. Where the parcel has a General Plan designation of I or Q, Class 1 distribution uses may be permitted subject to the limitations of SCCC Sections 13.10.342(B) and 13.10.650 for the M-3 zoning district. Class 2 cannabis distribution may be permitted within the Special Use (SU) District, subject to all applicable requirements of SCCC Section 13.10.650 and Chapter 7.128, where the General Plan designation is Service Commercial/Light Industry (C-S) or where the parcel has a General Plan designation of I or Q. Class 2 distribution uses on these parcels may be permitted subject to the limitations of SCCC Sections 13.10.342(B) and 13.10.650 for the M-3 zoning district.

## **SECTION IX**

The following definition shall be added to Section 16.01.020 of the Santa Cruz County Code:

“Environmental Coordinator” means the Planning Director of the County of Santa Cruz or designee.

## **SECTION X**

This ordinance is not subject to the California Environmental Quality Act (CEQA) pursuant to Business and Professions Code section 26055(h). That section states that Division 13 of the Public Resources Code does not apply to the adoption of an ordinance that requires

discretionary review and approval of permits, licenses, or other authorizations to engage in commercial cannabis activity if such discretionary review includes any applicable environmental review required under Division 13.

## SECTION XI

Should any section, clause, or provision of this Ordinance be declared by the courts to be invalid, the same shall not affect the validity of the Ordinance as a whole, or parts thereof, other than the part so declared to be invalid.

## SECTION XII

This ordinance shall take effect in areas outside the Coastal Zone on the 31st day after the date of final passage, and shall take effect in areas within the Coastal Zone on the 31<sup>st</sup> day after the date of final passage, or upon certification by the Coastal Commission, whichever is later.

PASSED AND ADOPTED this \_\_\_\_ day of \_\_\_\_\_, 2018, by the Board of Supervisors of the County of Santa Cruz by the following vote:

AYES: SUPERVISORS  
NOES: SUPERVISORS  
ABSENT: SUPERVISORS  
ABSTAIN: SUPERVISORS

Attest: \_\_\_\_\_  
Clerk of the Board

\_\_\_\_\_  
Chairperson of the  
Board of Supervisors

Approved as to form:

\_\_\_\_\_  
Assistant County Counsel

## ORDINANCE NO. \_\_

### ORDINANCE AMENDING SECTIONS 13.10.700-C, 13.10.312, 13.10.322, 13.10.332, 13.10.342, 13.10.372, 13.10.382 AND 16.01.020 OF AND ADDING SECTION 13.10.650 TO THE SANTA CRUZ COUNTY CODE, RELATING TO NON-RETAIL COMMERCIAL CANNABIS USES

The Board of Supervisors of the County of Santa Cruz ordains as follows:

#### SECTION I

The Santa Cruz County Code is hereby amended by adding the following definitions to Section 13.10.700-C, "C" definitions:

"Cannabis Cultivation (commercial)" means any activity involving the planting, growing, developing, propagating, harvesting, drying, curing, grading, trimming, packaging, or storage of one or more cannabis plants, as defined in SCCC Section 7.128.030, or any part thereof in any location, indoor or outdoor, including within a fully enclosed and secure building, subject to all applicable requirements of SCCC Chapter 7.128.

"Cannabis Distribution" means the activity of storing and/ or transporting cannabis or cannabis products between licensed entities, and any ancillary activity, such as packaging or labeling products, that is conducted in association with the distribution activity, as defined in SCCC Section 7.128.130, subject to all applicable requirements of SCCC Chapter 7.128.

"Cannabis Manufacture (commercial)" means the production, preparation, propagation, or compounding of manufactured cannabis products either directly or indirectly, or by extraction methods, independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis, at a fixed location that may also package or repackage cannabis in conjunction with cannabis manufacture activity, as defined in SCCC Section 7.128.030, subject to all applicable requirements of SCCC Chapter 7.128.

#### SECTION II

Section 13.10.312(B) of the Santa Cruz County Code shall be amended to add the following to the agricultural use chart:

| USE                                                                                 | CA | A             | AP |
|-------------------------------------------------------------------------------------|----|---------------|----|
| <b>Cannabis Cultivation (commercial) (subject to Section 13.10.650)<sup>†</sup></b> |    |               | —  |
| Indoor cultivation (existing legal structure, other than greenhouse)                | 3  | <del>53</del> | —  |

| USE                                                                                            | CA             | A              | AP |
|------------------------------------------------------------------------------------------------|----------------|----------------|----|
| New indoor cultivation structure (other than greenhouse)                                       |                |                | —  |
| Outside Coastal Zone and 1-mile buffer                                                         |                |                |    |
| 0-2,000 square feet                                                                            | 3              | <u>53</u>      | —  |
| > 2,000 square feet                                                                            | 5              | 5              | —  |
| Inside Coastal Zone + 1 mile                                                                   | —              | —              | —  |
| Greenhouse (existing legal), conversion, replacement, reconstruction, or structural alteration |                |                |    |
| 0-20,000 square feet                                                                           | 3              | <u>53</u>      | —  |
| > 20,000 square feet                                                                           | 5              | 5              | —  |
| Greenhouse (new)                                                                               |                |                |    |
| Outside Coastal Zone and 1-mile buffer                                                         |                |                |    |
| 0-20,000 square feet                                                                           | 3              | <u>53</u>      | —  |
| > 20,000 square feet                                                                           | 5              | —              | —  |
| Inside Coastal Zone + 1 mile                                                                   | —              | —              | —  |
| Outdoor cultivation (or existing legal hoop house)                                             |                |                |    |
| Outside Coastal Zone and 1-mile buffer                                                         | 3              | <u>53</u>      | —  |
| Inside Coastal Zone + 1 mile                                                                   | 4              | <u>54</u>      | —  |
| Hoop house (new)                                                                               |                |                |    |
| Outside Coastal Zone and 1-mile buffer                                                         |                |                |    |
| 0-2,000 square feet                                                                            | 3              | <u>53</u>      | —  |
| > 2,000 square feet                                                                            | 3              | <u>54</u>      | —  |
| Inside Coastal Zone + 1 mile                                                                   | — <sup>4</sup> | — <sup>4</sup> | —  |
| Water tank (accessory to cannabis use)                                                         | 3              | 3              | —  |

| USE                                                                     | CA | A                | AP |
|-------------------------------------------------------------------------|----|------------------|----|
| <b>Cannabis Manufacturing (commercial) (subject to 13.10.650)†</b>      |    |                  |    |
| <b>Classes 1-2*****</b>                                                 |    |                  |    |
| Outside Coastal Zone and 1-mile buffer, new or existing legal structure |    |                  |    |
| 0-2000 square feet                                                      |    |                  |    |
| Over 5 acre parcel                                                      | 3  | 3/5 <sup>±</sup> | —  |
| 2.5-5 acre parcel                                                       | 3  | 5                | —  |
| Less than 2.5 acre parcel                                               | 3  | 5                | —  |
| > 2000 square feet                                                      |    |                  |    |
| 5 acre or greater parcel                                                | 4  | 4/5 <sup>±</sup> | —  |
| Less than 5 acre parcel                                                 | 4  | 5                | —  |
| Inside Coastal Zone + 1 mile, existing legal structure                  |    |                  |    |
| 0-2000 square feet                                                      | 3  | 3/5 <sup>±</sup> |    |
| > 2000 square feet                                                      | 5  | 5                | —  |
| <b>Class 3</b>                                                          |    |                  |    |
| Outside Coastal Zone and 1-mile buffer, new or existing legal structure | 4  | —                | —  |
| Inside Coastal Zone +1 mile, existing legal structure                   |    |                  |    |
| 0-2000 square feet                                                      | 4  | —                | —  |
| > 2000 square feet                                                      | 5  | —                | —  |

| USE                                                                     | CA | A | AP |
|-------------------------------------------------------------------------|----|---|----|
| <b>Cannabis Distribution (subject to 13.10.650)<sup>†</sup></b>         |    |   |    |
| Class 1 <sup>*****</sup>                                                |    |   |    |
| Outside Coastal Zone and 1-mile buffer, new or existing legal structure |    |   |    |
| 0-2000 square feet                                                      | 3  | 3 | —  |
| > 2000 square feet                                                      | 5  | 5 | —  |
| Inside Coastal Zone + 1-mile, existing legal structure                  |    |   |    |
| 0-2000 square feet                                                      | 3  | 3 | —  |
| > 2000 square feet                                                      | 5  | 5 | —  |
| Class 2, existing legal structure                                       |    |   |    |
| Outside Coastal Zone and 1-mile buffer                                  | 3  | — | —  |
| Inside Coastal Zone + 1-mile                                            | 5  |   |    |

<sup>†</sup>With a license appropriate for zoning classification pursuant to SCCC Chapter 7.128. No new non-retail commercial cannabis structures (excluding hoop houses, defined as agricultural shade structures exempt from building permits pursuant to SCCC 12.10.315) may be permitted in the Coastal Zone and 1-mile buffer.

<sup>\*</sup>Level 5 approval required if manufacturing activity involves cannabis imported from offsite or employees (not including the owner).

<sup>\*\*\*\*\*</sup>Cannabis manufacturing and distribution uses must be ancillary to on-site commercial cannabis cultivation in the A zone district.

### SECTION III

Section 13.10.322 (B) of the Santa Cruz County Code shall be amended to add the following to the residential use chart:

| USE                                                                         | RA | RR | R-1 | RB | RM |
|-----------------------------------------------------------------------------|----|----|-----|----|----|
| <b>Cannabis Cultivation (commercial) (subject to 13.10.650)<sup>†</sup></b> |    |    |     |    |    |
| Indoor Cultivation (existing legal structure, other than greenhouse)        |    |    |     |    |    |
| Outside Coastal Zone and 1 mile buffer                                      |    |    |     |    |    |
| 0-500 square feet                                                           | 35 | —  | —   | —  | —  |
| > 500 square feet                                                           | 54 | —  | —   | —  | —  |
| Inside Coastal Zone +1 mile                                                 | —  | —  | —   | —  | —  |

| USE | RA | RR | R-1 | RB | RM |
|-----|----|----|-----|----|----|
|-----|----|----|-----|----|----|

New indoor cultivation structure (other than greenhouse)

Outside Coastal Zone and 1-mile buffer

< 500 square feet

35

500-2,000 square feet

54

> 2,000 square feet

5

Inside Coastal Zone + 1 mile

Greenhouse (existing legal), conversion, replacement, reconstruction or structural alteration

| USE | RA | RR | R-1 | RB | RM |
|-----|----|----|-----|----|----|
|-----|----|----|-----|----|----|

Outside Coastal Zone and 1 mile buffer

0-500 square feet

53

> 500 square feet

54

Inside Coastal Zone +1 mile

Greenhouse (new)

Outside Coastal Zone and 1-mile buffer

< 500 square feet

53

500-2,000 square feet

54

> 2,000 square feet

5

Inside Coastal Zone + 1 mile

Outdoor cultivation (or existing hoop house)

Outside Coastal Zone and 1 mile buffer

0-500 square feet

35

> 500 square feet

54

Inside Coastal Zone +1 mile

Hoop house (new)

Outside Coastal Zone and 1-mile buffer

< 500 square feet

35

500-2,000 square feet

54

5 of 25

|                                       |   |   |   |   |   |
|---------------------------------------|---|---|---|---|---|
| > 2,000 square feet                   | 5 | — | — | — | — |
| Inside Coastal Zone +1 mile           | — | — | — | — | — |
| Water tank (accessory to cultivation) | 3 | — | — | — | — |

|     |    |    |     |    |    |
|-----|----|----|-----|----|----|
| USE | RA | RR | R-1 | RB | RM |
|-----|----|----|-----|----|----|

**Cannabis Manufacturing (commercial) (subject to 13.10.650), ancillary to on-site commercial cannabis cultivation<sup>F</sup>**

**Classes 1-2**

Outside Coastal Zone and 1-mile buffer, new or existing legal structure

< 2000 square feet

|                                   |       |   |   |   |   |
|-----------------------------------|-------|---|---|---|---|
| 0 employees (not including owner) | 3/5** | — | — | — | — |
|-----------------------------------|-------|---|---|---|---|

|                                     |   |   |   |   |   |
|-------------------------------------|---|---|---|---|---|
| 1-5 employees (not including owner) | 5 | — | — | — | — |
|-------------------------------------|---|---|---|---|---|

2000 or greater square feet

|                                   |   |   |   |   |   |
|-----------------------------------|---|---|---|---|---|
| 0 employees (not including owner) | 5 | — | — | — | — |
|-----------------------------------|---|---|---|---|---|

|                                     |   |   |   |   |   |
|-------------------------------------|---|---|---|---|---|
| 1-5 employees (not including owner) | 5 | — | — | — | — |
|-------------------------------------|---|---|---|---|---|

Inside Coastal Zone + 1 mile, existing legal structure

< 2000 square feet

|                                   |       |   |   |   |   |
|-----------------------------------|-------|---|---|---|---|
| 0 employees (not including owner) | 3/5** | — | — | — | — |
|-----------------------------------|-------|---|---|---|---|

|                                     |   |   |   |   |   |
|-------------------------------------|---|---|---|---|---|
| 1-5 employees (not including owner) | 5 | — | — | — | — |
|-------------------------------------|---|---|---|---|---|

2000 or greater square feet

|                                   |   |   |   |   |   |
|-----------------------------------|---|---|---|---|---|
| 0 employees (not including owner) | 5 | — | — | — | — |
|-----------------------------------|---|---|---|---|---|

|                                     |   |   |   |   |   |
|-------------------------------------|---|---|---|---|---|
| 1-5 employees (not including owner) | 5 | — | — | — | — |
|-------------------------------------|---|---|---|---|---|

**Class 3**

|   |   |   |   |   |   |
|---|---|---|---|---|---|
| — | — | — | — | — | — |
|---|---|---|---|---|---|

| USE | RA | RR | R-1 | RB | RM |
|-----|----|----|-----|----|----|
|-----|----|----|-----|----|----|

**Cannabis Distribution (subject to 13.10.650),  
ancillary to on-site commercial cannabis cultivation<sup>‡</sup>**

**Class 1**

Outside Coastal zone and 1-mile buffer, new or  
existing legal structure

0-2000 square feet 3 \_\_\_\_\_

> 2000 square feet 5 \_\_\_\_\_

Inside Coastal zone + 1 mile, existing legal  
structure \_\_\_\_\_ 3 \_\_\_\_\_

**Class 2**

<sup>‡</sup>With a license appropriate for zoning classification pursuant to SCCC Chapter 7.128. No new non-retail commercial cannabis structures (excluding hoop houses, defined as agricultural shade structures exempt from building permits pursuant to SCCC 12.10.315) may be permitted in the Coastal Zone and 1-mile buffer.

<sup>\*\*</sup>Level 5 approval required if manufacturing activity involves cannabis imported from offsite.

## SECTION IV

Section 13.10.332(B) of the Santa Cruz County Code shall be amended to add the following to the commercial use chart:

| USE | PA | VA | CT | C-1 | C-2 | C-4 |
|-----|----|----|----|-----|-----|-----|
|-----|----|----|----|-----|-----|-----|

**Cannabis Cultivation (commercial)  
(subject to 13.10.650)<sup>‡</sup>**

Indoor cultivation (existing legal structure  
other than greenhouse)

< 5,000 square feet \_\_\_\_\_ 54

5,000 to 20,000 square feet \_\_\_\_\_ 5

> 20,000 square feet \_\_\_\_\_ 6

New indoor cultivation structure (other than  
greenhouse)

Outside Coastal Zone and 1-mile buffer

< 5,000 square feet \_\_\_\_\_ 54

5,000 to 20,000 square feet \_\_\_\_\_ 5

> 20,000 square feet \_\_\_\_\_ 6

Inside Coastal Zone + 1 mile \_\_\_\_\_

| USE                                                                                           | PA | VA | CT | C-1 | C-2 | C-4 |
|-----------------------------------------------------------------------------------------------|----|----|----|-----|-----|-----|
| Greenhouse (existing legal), conversion, replacement, reconstruction or structural alteration |    |    |    |     |     |     |
| < 5,000 square feet                                                                           | —  | —  | —  | —   | —   | 54  |
| 5,000 to 20,000 square feet                                                                   | —  | —  | —  | —   | —   | 5   |
| > 20,000 square feet                                                                          | —  | —  | —  | —   | —   | 6   |
| Greenhouse (new)                                                                              |    |    |    |     |     |     |
| Outside Coastal Zone and 1-mile buffer                                                        |    |    |    |     |     |     |
| < 5,000 square feet                                                                           | —  | —  | —  | —   | —   | 54  |
| 5,000 to 20,000 square feet                                                                   | —  | —  | —  | —   | —   | 5   |
| > 20,000 square feet                                                                          | —  | —  | —  | —   | —   | 6   |
| Inside Coastal Zone + 1 mile                                                                  | —  | —  | —  | —   | —   | —   |
| Water tank (accessory to cannabis use)                                                        | —  | —  | —  | —   | —   | 3   |
| Outdoor cultivation                                                                           | —  | —  | —  | —   | —   | —   |
| Hoop house cultivation                                                                        | —  | —  | —  | —   | —   | —   |

| USE                                                                           | PA | VA | CT | C-1 | C-2 | C-4 |
|-------------------------------------------------------------------------------|----|----|----|-----|-----|-----|
| <b>Cannabis Manufacturing (commercial) (subject to 13.10.650)<sup>†</sup></b> |    |    |    |     |     |     |
| Classes 1-2                                                                   |    |    |    |     |     |     |
| Outside Coastal Zone and 1-mile buffer, new or existing legal structure       |    |    |    |     |     |     |
| < 2000 square feet                                                            | —  | —  | —  | —   | 4** | 4   |
| 2000-20,000 square feet                                                       | —  | —  | —  | —   | 5** | 5   |
| > 20,000 square feet                                                          | —  | —  | —  | —   | 6** | 6   |
| Inside Coastal Zone + 1 mile, existing legal structure                        |    |    |    |     |     |     |
| < 2000 square feet                                                            | —  | —  | —  | —   | 4** | 4   |
| 2000-20,000 square feet                                                       | —  | —  | —  | —   | 5** | 5   |
| > 20,000 square feet                                                          | —  | —  | —  | —   | 6** | 6   |

| USE                                                                     | PA | VA | CT | C-1 | C-2 | C-4 |
|-------------------------------------------------------------------------|----|----|----|-----|-----|-----|
| <b>Class 3</b>                                                          |    |    |    |     |     |     |
| Outside Coastal Zone and 1-mile buffer, new or existing legal structure |    |    |    |     |     |     |
| < 2000 square feet                                                      | —  | —  | —  | —   | —   | 4   |
| 2000-20,000 square feet                                                 | —  | —  | —  | —   | —   | 5   |
| > 20,000 square feet                                                    | —  | —  | —  | —   | —   | 6   |
| Inside Coastal Zone + 1 mile, existing legal structure                  |    |    |    |     |     |     |
| < 2000 square feet                                                      | —  | —  | —  | —   | —   | 4   |
| 2000-20,000 square feet                                                 | —  | —  | —  | —   | —   | 5   |
| > 20,000 square feet                                                    | —  | —  | —  | —   | —   | 6   |

| USE                                                  | PA | VA | CT | C-1 | C-2 | C-4 |
|------------------------------------------------------|----|----|----|-----|-----|-----|
| <b>Cannabis Distribution (subject to 13.10.650)†</b> |    |    |    |     |     |     |

#### Class 1

Outside Coastal Zone and 1-mile buffer

New structure

|                    |   |   |   |   |   |   |
|--------------------|---|---|---|---|---|---|
| 0-2000 square feet | — | — | — | — | — | 3 |
| > 2000 square feet | — | — | — | — | — | 5 |

Existing legal structure

|   |   |   |   |     |   |
|---|---|---|---|-----|---|
| — | — | — | — | 3** | 3 |
|---|---|---|---|-----|---|

Inside Coastal Zone + 1 mile, existing legal structure

|   |   |   |   |     |   |
|---|---|---|---|-----|---|
| — | — | — | — | 3** | 3 |
|---|---|---|---|-----|---|

#### Class 2

Outside Coastal Zone and 1-mile buffer, new or existing legal structure

|   |   |   |   |           |        |
|---|---|---|---|-----------|--------|
| — | — | — | — | 4/5/6* ** | 4/5/6* |
|---|---|---|---|-----------|--------|

Inside Coastal Zone + 1 mile, existing legal structure

|   |   |   |   |           |        |
|---|---|---|---|-----------|--------|
| — | — | — | — | 4/5/6* ** | 4/5/6* |
|---|---|---|---|-----------|--------|

† With a license appropriate for zoning classification pursuant to SCCC Chapter 7.128. No new non-retail commercial cannabis structures (excluding hoop houses, defined as agricultural shade structures exempt from building permits pursuant to SCCC 12.10.315) may be permitted in the Coastal Zone and 1-mile buffer.

\*\*Cannabis distribution activities may occur only in conjunction with a licensed dispensary on the parcel. Cannabis manufacturing activities may occur only in conjunction with a licensed dispensary on the parcel, unless an exception is granted pursuant to SCCC 13.10.650(D)(2)(f).

## SECTION V

Section 13.10.342 (B) of the Santa Cruz County Code shall be amended to add the following to the industrial use chart:

| USE                                                                                           | M-1       | M-2       | M-3            |
|-----------------------------------------------------------------------------------------------|-----------|-----------|----------------|
| <b>Cannabis Cultivation (subject to 13.10.650)<sup>†</sup></b>                                |           |           |                |
| Indoor cultivation (existing legal structure, other than greenhouse)                          |           |           |                |
| 0-10,000 square feet                                                                          | <u>35</u> | <u>53</u> | <u>53</u>      |
| > 10,000 square feet                                                                          | <u>54</u> | <u>45</u> | <u>54</u>      |
| New indoor cultivation structure (other than greenhouse)                                      |           |           |                |
| Outside Coastal Zone and 1 mile buffer                                                        |           |           |                |
| Up to 2,000 square feet                                                                       | <u>54</u> | <u>54</u> | <u>54</u>      |
| 2,000 to 20,000 square feet                                                                   | 5         | 5         | 5              |
| > 20,000 square feet                                                                          | 6         | 6         | 6              |
| Inside Coastal Zone + 1 mile                                                                  | —         | —         | — <sup>5</sup> |
| Greenhouse (existing legal), conversion, replacement, reconstruction or structural alteration |           |           |                |
| 0- 10,000 square feet                                                                         | <u>53</u> | <u>53</u> | <u>35</u>      |
| > 10,000 square feet                                                                          | <u>45</u> | <u>45</u> | <u>45</u>      |
| Greenhouse (new)                                                                              |           |           |                |
| Outside Coastal Zone and 1 mile buffer                                                        |           |           |                |
| < 2,000 square feet                                                                           | <u>45</u> | <u>45</u> | <u>45</u>      |
| 2,000- 20,000 square feet                                                                     | 5         | 5         | 5              |
| > 20,000 square feet                                                                          | 6         | 6         | 6              |
| Inside Coastal Zone + 1 mile                                                                  | —         | —         | — <sup>5</sup> |
| Water tank (accessory to cannabis use)                                                        | 3         | 3         | 3              |
| Outdoor cultivation (or new or existing hoop house)                                           | —         | —         | 5**            |

| USE | M-1 | M-2 | M-3 |
|-----|-----|-----|-----|
|-----|-----|-----|-----|

**Cannabis Manufacturing (subject to 13.10.650)\***

**Classes 1-3**

Outside Coastal Zone and 1-mile buffer, new or existing legal structure

|                         |   |   |   |
|-------------------------|---|---|---|
| < 2000 square feet      | 4 | 4 | 3 |
| 2000-20,000 square feet | 5 | 5 | 3 |
| Over 20,000 square feet | 6 | 6 | 3 |

Inside Coastal Zone and 1-mile buffer, existing legal structure

|                         |   |   |   |
|-------------------------|---|---|---|
| < 2000 square feet      | 4 | 4 | 4 |
| 2000-20,000 square feet | 5 | 5 | 4 |
| Over 20,000 square feet | 6 | 6 | 5 |

| USE | M-1 | M-2 | M-3 |
|-----|-----|-----|-----|
|-----|-----|-----|-----|

**Cannabis Distribution (subject to 13.10.650)\***

**Class 1**

Outside Coastal Zone and 1-mile buffer

|                          |        |        |        |
|--------------------------|--------|--------|--------|
| Existing legal structure | 3      | 3      | 3      |
| New structure            | 4/5/6* | 4/5/6* | 4/5/6* |

Inside Coastal Zone and 1-mile Buffer

|                          |        |        |         |
|--------------------------|--------|--------|---------|
| Existing legal structure | 4/5/6* | 4/5/6* | 4/5/6*  |
| New structure            | —      | —      | 4/5/6*— |

**Class 2**

Outside Coastal Zone and 1-mile buffer, new or existing legal structure

|        |        |        |
|--------|--------|--------|
| 4/5/6* | 4/5/6* | 4/5/6* |
|--------|--------|--------|

Inside Coastal Zone and 1-mile buffer, existing legal structure

|        |        |        |
|--------|--------|--------|
| 4/5/6* | 4/5/6* | 4/5/6* |
|--------|--------|--------|

\*With a license appropriate for zoning classification pursuant to SCCC Chapter 7.128. Except in the M-3 zone district, no new non-retail commercial cannabis structures may be permitted in the Coastal Zone and 1-mile buffer.

\*\*Outdoor or hoop house cultivation may be permitted only in conjunction with adoption or amendment of a reclamation plan.

## SECTION VI

Section 13.10.372 of the Santa Cruz County Code shall be amended to add the following to the Timber Production (TP) use chart:

| USE                                                                                           | TP |
|-----------------------------------------------------------------------------------------------|----|
| <b>Cannabis Cultivation (commercial) (subject to 13.10.650)*</b>                              |    |
| Indoor cultivation (existing legal structure, other than greenhouse)                          |    |
| Outside Coastal Zone and 1 mile buffer                                                        | 35 |
| Inside Coastal Zone + 1 mile                                                                  | —  |
| New indoor cultivation structure (not greenhouse)                                             |    |
| Outside Coastal Zone and 1 mile buffer                                                        | 5  |
| Inside Coastal Zone + 1 mile                                                                  | —  |
| Greenhouse (existing legal), conversion, replacement, reconstruction or structural alteration |    |
| Outside Coastal Zone and 1 mile buffer                                                        | 35 |
| Inside Coastal Zone +1 mile                                                                   | —  |
| Greenhouse (new)                                                                              |    |
| Outside Coastal Zone and 1 mile buffer                                                        | 5  |
| Inside Coastal Zone + 1 mile                                                                  | —  |
| Outdoor cultivation (or existing hoop house)                                                  |    |
| Outside Coastal Zone and 1 mile buffer                                                        |    |
| 0-500 square feet                                                                             | 35 |
| > 500 square feet                                                                             | 45 |
| Inside Coastal Zone +1 mile                                                                   | —  |
| Hoop house (new)                                                                              |    |
| Outside Coastal Zone and 1-mile buffer                                                        |    |
| 0-2,000 square feet                                                                           | 25 |
| > 2,000 square feet                                                                           | 45 |

|                                                                                                                            |                |
|----------------------------------------------------------------------------------------------------------------------------|----------------|
| Inside Coastal Zone + 1 mile                                                                                               | _____          |
| Water tank (accessory to cannabis use)                                                                                     | 3              |
| <b>USE</b>                                                                                                                 | <b>TP</b>      |
| <b>Cannabis Manufacturing (subject to 13.10.650),<br/>ancillary to on-site commercial cannabis cultivation<sup>‡</sup></b> |                |
| Classes 1-2                                                                                                                |                |
| Outside Coastal Zone and 1 mile buffer, new or existing legal structure                                                    | 3/5***         |
| Inside Coastal Zone + 1 mile, <del>existing legal structure</del><br><u>3/5***</u>                                         | _____          |
| Class 3                                                                                                                    | _____          |
| <b>USE</b>                                                                                                                 | <b>TP</b>      |
| <b>Cannabis Distribution (subject to 13.10.650)<sup>‡</sup></b>                                                            |                |
| Class 1                                                                                                                    |                |
| Outside Coastal Zone and 1 mile buffer                                                                                     |                |
| Existing legal structure                                                                                                   | 3              |
| New structure                                                                                                              | 5              |
| Inside Coastal Zone + 1 mile, <del>existing legal structure</del><br>_____                                                 | <u>4</u> _____ |
| Class 2                                                                                                                    | _____          |

<sup>‡</sup>With a license appropriate for zoning classification pursuant to SCCC Chapter 7.128. Non-retail commercial cannabis uses may be permitted in the TP zoning district only on sites with a pre-existing legal commercial use cannabis activity established in or before November 2016. No new non-retail commercial cannabis structures may be permitted in the Coastal Zone and 1-mile buffer.

\*\*\*Level 5 approval required if manufacturing activity involves cannabis imported from offsite.

## SECTION VII

Section 13.10.650 is hereby added to read, as follows:

### **13.10.650 Non-Retail Commercial Cannabis Uses.**

All non-retail commercial cannabis uses, including commercial cannabis cultivation, manufacturing and distribution, shall be subject to the following limitations:

- (A) License. Non-retail commercial cannabis uses shall not be permitted on any parcel

within the County without 1) a currently valid local license required by SCCC Chapter 7.128; and 2) a currently valid State license required under California law. Except as expressly defined in this Section 13.10.650, the definitions in Section 7.128.030 shall apply to the terms used herein.

(B) General.

(1) Procedures. Non-retail commercial cannabis uses and development shall be subject to the procedures applicable under SCCC Chapter 18.10 at the approval level established in the appropriate use chart for the zoning district. For purposes of determining the approval level applicable to cannabis uses and development, the square footage of a structure, greenhouse, hoop house or growing area shall be cumulative as to the parcel, cultivation site or facility, as applicable.

(2) Development. Inside the Coastal Zone, and within one mile beyond the Coastal Zone, no new non-retail commercial cannabis structures may be permitted, ~~except for: (a) hoop houses (defined as agricultural shade structures exempt from building permits under SCCC Section 12.10.215) within zoning districts in which outdoor cultivation may be permitted, and (b) within the M-3 zoning district and/or on parcels with a Q (Quarry) General Plan overlay.~~ Except for legal structures existing on the effective date of this Section 13.10.650, use of any structure for non-retail commercial cannabis use shall be considered new development. All non-retail commercial cannabis uses and development, including structures, greenhouses, hoop houses, and related parking lots and access roads, proposed for non-retail commercial cannabis uses in zoning districts in which such uses may be approved shall be consistent with the General Plan and shall require all other applicable approvals (including but not limited to grading and building permits and coastal development permits for development as defined in SCCC Chapter 13.20) and shall be subject to all other applicable requirements of this Code and other applicable laws and regulations.

(3) Best Management and Operational Practices Plan. No use or development permit for non-retail commercial cannabis business activities may be issued before the applicant has submitted, and both the Planning Department and the Cannabis Licensing Official have approved, a completed Best Management and Operational Practices ("BMOP") Plan on the form(s) created by the Cannabis Licensing Official for that purpose. The purpose of the BMOP Plan is to ensure that all cannabis business activities conserve natural resources and have as minimal an impact as possible on the surrounding environment. The BMOP Plan shall address siting criteria, site design, construction requirements, operational requirements, and additional miscellaneous issues in order to meet this purpose.

(3)(4) Environmental Protection. All non-retail commercial cannabis use shall comply with the provisions of all applicable environmental laws and regulations, including County environmental resource protection ordinances (SCCC Title 16) and all applicable requirements of Division 13 (commencing with Section 21000) of the Public Resources Code (the California Environmental Quality Act, and State CEQA Guidelines, process). No non-retail commercial cannabis use or development may be permitted except upon a finding that the

approval will not result in any significant unmitigated impacts to water supply, biotic resources or other sensitive environmental resources.

(5) No Cannabis Activities allowed within Sandhills Habitat or Salamander Protection Zone. The County shall review whether a cultivation or manufacturing site is located within the Sandhills habitat or in oak woodland within ¼ mile of a known or suspected salamander breeding pond during its biological resources assessment process. The County shall not issue a license for any cannabis activity proposed within the Sandhills or SCLTS habitats, with the exception of those indoor activities that do not require any soil disturbance.

**(4)(6) Land Clearing/ Grading.** A land clearing permit must be obtained for any clearing in sensitive habitat as defined in SCCC Title 16.32 and for clearing exceeding 0.25 acre in any other area. In addition to meeting standards and regulations found in SCCC Title 16 and any other applicable regulation in Title 13:

- (a) Retained cuts and fills shall not exceed 10 feet.
- (b) Non-retained cuts and fills shall not exceed five feet.
- (c) Outdoor cultivation is not allowed on slopes steeper than 20 percent.
- (d) No grading is allowed on slopes greater than 20 percent, where slope gradient is measured as natural grade, or where the grade has been modified through an approved grading permit.
- (e) Remedial grading may be necessary in order to satisfy the requirements of this chapter. All remedial grading must be shown on the final grading plan. Remedial grading may include overexcavation and recompaction of on-site soils, buttress fills, or other grading activities deemed necessary to bring unpermitted grading into compliance with County Code.
- (f) Excessive or unnecessary grading may be grounds for grading application denial.

Variances-Exceptions to these rules may be granted if exceeding the limits above will result in less environmental damage than all other design alternatives, or if no other alternative exists, as determined by Environmental Planning staff.

**(5)(7) Outside Lighting.** The application for a non-retail commercial cannabis use or development permit shall include plans for all outdoor lighting for review and approval. All outdoor lighting shall have the illumination directed downward or shielded so that glare is not projected onto adjacent properties or skyward.

**(6)(8) Parking.** The application for a non-retail commercial cannabis use or development permit shall include a parking plan and documentation of parking needs for review

and approval. The plan shall provide adequate off-street parking for all employees, and allow for loading and unloading.

**(7)(9) Site and Building Design.** All new development shall be clustered or otherwise sited to reduce impacts. New structural development shall ensure the proposed building has sufficient architectural design to be compatible with the architectural character and scale of the surrounding area.

(a) In the CA zone district, any new development and conversion of any soil-dependent greenhouse for non-retail commercial cannabis use shall be subject to the findings in SCCC Section 13.10.314(A).

(b) ~~\_\_\_\_\_~~ In the TP zone district, permits authorizing non-retail commercial cannabis activities may be granted only i) on parcels with a pre-existing legal commercial use (regardless of when established) where cannabis business activities will take place in previously-cleared areas; or b) on parcels where sufficient evidence exists that cannabis was being cultivated as of January 2013. New development and site disturbance associated with cannabis business activities and related infrastructure on these parcels are limited to: i) no more than 5500 square feet of site disturbance; and ii) the removal of no more than five trees with an individual diameter breast height (d.b.h.) between 12 and 40 inches. Moreover, a timberland conversion permit must be obtained as required by the California Division of Forestry before any trees are removed, and removal of trees with a d.b.h. of greater than 40 inches is not permitted. In addition, any new structural development and parking facilities on these parcels shall be clustered within 200 feet of other buildings on the parcel in order to facilitate timber production and harvesting and to preserve the rural character of the land, unless a different option can be demonstrated to have fewer environmental impacts.

~~(b) \_\_\_\_\_ on sites that had existing cannabis cultivation established in or before November 2016, and any new structural development and parking facilities on these sites shall be clustered within 200 feet of other buildings on the parcel in order to facilitate timber production and harvesting and to preserve the rural character of the land. New land clearing and disturbance on these sites shall be limited to 0.25 acres.~~

**(8)(10) Setbacks.** All development shall be set back from the property line the minimum distance required by the zone district, or as otherwise required in this Section 13.10.650, and may be required as a condition of a use or development permit to be set back a specified distance from the nearest off-site residence, if applicable, depending on the individual circumstances of the application.

**(9)(11) Landscaping and Screening.** All new structural development shall be landscaped or located in the natural setting to soften the geometric form and to blend it with the rural character of the surrounding area. Parking lots and -outdoor work and storage areas shall be screened from view from adjacent properties and roadways by vegetative plantings or other natural features and screening. Plantings shall be completed before final building inspection is approved.

~~(10)~~(12) Outside Operations. Applications for a non-retail commercial cannabis use or development permit shall include information to describe the nature of any proposed outside operations. All outside operations shall be screened to minimize visibility from adjacent residences and roads.

~~(11)~~(13) Noise Control. The application for a non-retail commercial cannabis use or development permit shall include information regarding the anticipated noise levels of the cannabis operation. Noise shall be limited to be consistent with the requirements of the General Plan Noise Element.

~~(12)~~(14) Operating Hours.

(a) The application for a non-retail commercial cannabis use or development permit shall include information regarding the proposed operating hours of the facility. The operating hours shall be established and approved as a condition of the approval.

(b) Outside operating hours shall be limited to 7:00 a.m. to 7:00 p.m. These limits may be exceeded by obtaining approval of the Planning Commission, and limits shall be set by condition on the use approval based on the individual merits of the location and surroundings.

~~(13)~~(15) Access. Access shall meet County road standards for the proposed use, including accommodation of delivery vehicles and emergency vehicles.

~~(14)~~(16) Fire Protection. All regulations of the local fire district or County Fire Marshal shall be met to ensure adequate access, water availability and other conditions for fire protection.

~~(15)~~(17) Water.

(a) All applications for any non-retail commercial cannabis use or development permit shall be accompanied by a letter from the water district serving the area stating that adequate capacity is available to serve the use, or the applicant shall demonstrate it has an approved on-site source or other adequate alternative source of water.

(b) All water used for cultivation purposes must be obtained from an approved on-site source, except for water used in the case of emergencies, and water obtained from a Department of Public Health, Food and Drug Branch licensed purveyor that is used solely for the initial filling of water tanks used to meet on-site water storage requirements for firefighting purposes. Cannabis shall not be cultivated with the use of a shared water source or water extraction equipment without the express permission of all of the persons holding an ownership interest in that water source or water extraction equipment. The applicant shall submit an identification of water supply to be used for cultivation and documentation demonstrating that the source is in compliance with all statutes, regulations, and requirements of the California State Water Resources Control Board, Division of Water Rights.

(c) If a new structure is proposed to be constructed, water saving devices shall be incorporated into the design, and shall be indicated on building and landscaping plans for review and approval.

~~(16)~~(18) Sewer/Septic. A letter from the sewer district serving the parcel shall be submitted with the application stating that adequate capacity is available to serve the use, or the applicant shall otherwise demonstrate compliance with the requirements of SCCC Chapter 7.38 and adequacy of any septic system serving the site.

~~(17)~~(19) Odors. Applications for a commercial cannabis use or development permit for outdoor cultivation must include a written statement demonstrating that the applicant has, to the maximum extent feasible given the topography of the site, taken neighboring sensitive receptors into account in site selection.

~~(18)~~(20) Indemnity. Each use or development permit issued pursuant to this Section 13.10.650 shall have as a condition of the permit a requirement that the applicant defend, indemnify and hold harmless the County and its officers, agents, and employees from and against any claim (including attorney's fees) against the County, its officers, employees or agents to attack, set aside, void or annul the approval of the permit or any subsequent amendment of the permit.

(C) Commercial Cannabis Cultivation.

(1) Zoning. Subject to the limitations set forth in subsections (2), (3) and (4) below, commercial cannabis cultivation uses may be permitted in the following zones: CA (Commercial Agriculture), A (Agriculture), RA (Residential Agriculture), C-4 (Commercial Services), M (Industrial), TP (Timber Production), and SU (Special Use) where the General Plan designation of the parcel is AG (Agriculture) or where the parcel has a General Plan designation of I (Heavy Industry) or Q (Quarry)., ~~as well as on parcels with a Q (Quarry) General Plan overlay.~~

(2) Minimum Parcel Size.

(a) The minimum parcel size for commercial cannabis cultivation in the CA zone is one acre.

(b) The minimum parcel size for commercial cannabis cultivation in the A zone is ten acres.

(c) The minimum parcel size for commercial cannabis cultivation in the RA zone is five acres.

(d) The minimum parcel size for commercial cannabis cultivation in the TP zone is five acres.

(e) The minimum parcel size for commercial cannabis cultivation in the SU zone is five acres for parcels with a General Plan designation of AG; there is no minimum parcel size for parcels in the SU zone with a General Plan designation of I or Q.

Exceptions to the minimum parcel size may be allowed in any zone for up to 10% of the required minimum for that zone where a finding is made that cannabis cultivation will not have substantially greater impact on adjacent parcels or surrounding uses due to its decreased size.

(3) Restrictions.

(a) Commercial cannabis cultivation shall not be permitted inside the Coastal Zone or within one mile beyond the Coastal Zone, except in the CA, A, C-4 and M zones, and on SU parcels with a ~~a Q (Quarry)~~ General Plan ~~overlay~~ designation of Q (Quarry).

(b) Commercial cannabis cultivation shall not be permitted within the Urban Services Line or the Rural Services Line, except in C-4 and M zones and in CA and A zones located inside the Coastal Zone and within one mile beyond the Coastal Zone.

(c) Inside the Coastal Zone, and within one mile beyond the Coastal Zone, commercial cannabis cultivation may only be permitted in CA and A zones outdoors ~~(including in hoop houses, defined as agricultural shade structures exempt from building permits under SCCC Section 12.10.315)~~ or in legal structures existing on the effective date of the ordinance adopting this Section 13.10.650. No new structures, including hoop houses (defined as agricultural shade structures exempt from building permits under SCCC Section 12.10.315) shall be allowed.

(d) No outdoor ~~(including a hoop house)~~ commercial cannabis cultivation shall be permitted in zones C-4 and M.

(i) Exception: In the M-3 zoning district and in the SU zoning district on parcels with a ~~a Q (Quarry)~~ General Plan ~~overlay~~ designation, where quarry operations have ceased, outdoor or hoop house cultivation may be permitted in conjunction with the adoption or amendment of a reclamation plan.

~~(e) —~~ Commercial cannabis cultivation may be permitted in SU zones only if the General Plan designation of the parcel is ~~residential (in which case the parcel will be considered as zoned A for purposes of this Chapter 13.10), AG (Agricultural) (in which case the parcel will be considered as zoned A for purposes of this Chapter 13.10) or where the parcel has a General Plan designation of;~~ or Q (Quarry) ~~overlay or I (Heavy Industrial/Industry) or Q (Quarry), subject to the restrictions of SCCC 13.10.382.~~

~~(f)(e)~~

~~Commercial cannabis cultivation may be permitted in TP zones only for a cultivation site established in or before November 2016.~~

~~(g)(f)~~ Indoor cultivation of immature plants (starts and seedlings) may only take place within legal structures existing as of the effective date of the ordinance adopting this

Section 13.10.650, or shall be accommodated in a new permitted structure without requiring the addition of any square or cubic footage (such as by vertical stacking or shelving).

(4) Setbacks.

(a) Commercial cannabis cultivation shall not be allowed within six hundred (600) feet of (i) a municipal boundary; (ii) a school, a day care center, or youth center; (iii) a library; (iv) an alcohol or drug treatment facility; or (v) any park other than a State Park located within the urban area defined by the Urban Services Line.

(b) Commercial cannabis cultivation shall not be allowed within 0.25 miles of a school if pesticides may be applied using aircraft, air blast sprayers, sprinklers, dust, powder, or fumigants.

(c) Commercial cannabis cultivation shall not be allowed within ~~one~~two hundred (~~1~~200) feet of any habitable structure on a neighboring parcel.

(d) Commercial cannabis cultivation shall not be allowed within three hundred (300) feet of a State Park located within the urban area defined by the Urban Services Line.

(e) On parcels ranging in size from one to five acres, commercial cannabis cultivation shall not be allowed within one hundred (100) feet of a public right-of-way. This setback does not apply when the cultivation is entirely indoors.

(f) On parcels ranging in size from five to ten acres, commercial cannabis cultivation shall not be allowed within two hundred (200) feet of a public right-of-way. This setback does not apply when the cultivation is entirely indoors.

(g) On parcels over ten acres in size, commercial cannabis cultivation shall not be allowed within three hundred (300) feet of a public right-of-way. This setback does not apply when the cultivation is entirely indoors.

(h) Commercial cannabis cultivation shall not be allowed within one hundred (100) feet of a perennial stream.

(i) Commercial cannabis cultivation shall not be allowed within fifty (50) feet of an intermittent stream or within the setbacks required by SCCC Chapters 16.30 (riparian corridor and wetlands protection) or 16.32 (sensitive habitats)

(j) Commercial cannabis cultivation shall not be allowed within fifty (50) feet of an ephemeral stream or within the setbacks required by SCCC Chapters 16.30 (riparian corridor and wetlands protection) or 16.32 (sensitive habitats).

(k) Commercial cannabis cultivation shall not be allowed within one hundred (100) feet of the high water mark of a lake, estuary, lagoon, or natural body of standing water.

(l) For purposes of this section, "school" means any licensed preschool or any public or private school providing instruction in kindergarten or grades 1 to 12, inclusive, but does not include any private school in which education is primarily conducted in private residences.

(m) For purposes of this section, "park" means any playground, hiking or riding trail, recreational area, beach, community center or building, historic structure or facility, conservation land, biological mitigation area, or open space owned, managed or controlled by any public entity or conservation entity such as a non-profit land trust.

(n) The distance specified in this sub-section for municipal boundaries, schools, day care centers, youth centers, libraries, and drug treatment facilities shall be the horizontal distance measured in a straight line from the municipal boundary, school, library, park, and drug treatment facility to the closest property line of the parcel on which cannabis is being cultivated, without regard to intervening structures.

(o) The distance specified in this sub-section for public rights-of-way, streams, and habitable structures shall be the horizontal distance measured in a straight line from the public right-of-way, streams and water areas, or habitable structure and the growing area on the cultivation site, without regard to intervening structures.

(p) Exceptions. Excluding setbacks required by SCCC Chapters 16.30 or 16.32, exceptions to the rules set forth herein for setbacks may be allowed subject to a Level 54 approval process with a finding, upon recommendation of the Licensing Official, that the exception is appropriate because physical conditions specific to the cultivation site (such as topography or intervening structures or vegetation) reduce the setback distance necessary to protect the public interest. Notwithstanding the foregoing, no exception shall be granted allowing a setback of less than one hundred (100) feet from a habitable structure of a neighboring parcel.

(D) Commercial Cannabis Manufacturing.

(1) Zoning. Subject to the limitations set forth in subsections (2) and (3) below, commercial cannabis manufacturing uses may be permitted, as follows:

(a) Class 1 and Class 2 commercial cannabis manufacturing uses are limited to the following zoning districts: CA (Commercial Agriculture), A (Agriculture), RA (Residential Agricultural), TP (Timber Production), C-2 (Community Commercial), C-4 (Commercial Services), M-1 (Light Industrial), M-2 (Heavy Industrial), M-3 (Mineral Extraction Industrial), and SU (Special Use) where the General Plan designation of the parcel is AG (Agricultural) or where the parcel has a General Plan designation of I (Industrial) or Q (Quarry) in accordance with SCCC Section 13.10.382.

(b) Class 3 commercial cannabis manufacturing uses are limited to the following zoning districts: CA (Commercial Agriculture), C-4 (Commercial Services), M-1 (Light Industrial), M-2 (Heavy Industrial), and M-3 (Mineral Extraction Industrial), and SU on parcels with a Q (Quarry) General Plan overlay designation of Q (Quarry).

(2) Restrictions.

(a) In the geographic area designated as the Coastal Zone, and within one mile beyond the Coastal Zone, commercial cannabis manufacturing may only take place within legal structures existing on the effective date of the ordinance adopting this Section 13.10.650.

(b) All Class 3 commercial cannabis manufacturing uses must be located within a 10 minute response time of a fire station. If unable to meet this requirement, a fire clearance shall be required to verify that the facility can safely operate while protecting public health, safety and welfare. No facility shall be established beyond a 20-minute fire response time from the nearest responsible fire station in rural areas.

(c) Cannabis manufacture facilities shall be inaccessible by the general public and should be fully enclosed if feasible.

i. Exception: An open air extraction area may be established in the CA and A zone districts at a fixed, permanent, and fully secured location where parcel size is at least 20 acres and no residence receptors are located in proximity to the operation (as determined by the Monterey Bay Unified Air Pollution Control District).

(d) Cannabis manufacturing uses within the A, RA and TP zone districts and on parcels within SU zone districts where the General Plan designation is AG (Agriculture) may be permitted only on a parcel that contains a detached single-family dwelling. No manufacturing activities may be undertaken in a dwelling, whether as a home occupation pursuant to SCCC Section 13.10.613 or otherwise, but activities in a legal accessory structure may be permitted subject to all applicable restrictions. All manufacturing uses in the A and RA zone districts and on parcels within SU zone districts where the General Plan designation is AG (Agriculture) that include employees (excepting the owner of the parcel) shall require a Level 5 approval.

(e) Cannabis manufacturing uses in the A, RA and TP zone districts and on parcels within SU zone districts where the General Plan designation is ~~residential or AG;~~ (Agriculture) shall be ancillary to licensed commercial cannabis cultivation on the parcel and import of cannabis material for onsite manufacturing may be permitted only with a Level 5 approval, and only as long as manufacturing using imported material does not require new structural development or any additional employees.

(f) In the C-2 zone district, commercial cannabis manufacturing is only allowed in conjunction with a licensed dispensary, unless a finding is made, upon recommendation of the Licensing Official, that a proposed stand-alone manufacturing facility

within the C-2 zone is consistent with the General Plan and compatible with and will not adversely affect surrounding uses, based on consideration of site-specific conditions.

(3) **Setbacks.** No cannabis manufacturing facility may be located within 600 feet from (i) a school, (ii) a day care center, or (iii) a youth center. The distance specified in this subsection shall be the horizontal distance measured in a straight line from the property line of the school, day care or youth center to the closest property line of the lot containing the manufacturing facility under review, without regard to intervening structures.

(a) For purposes of this section, “school” means any licensed preschool or any public or private school providing instruction in kindergarten or grades 1 to 12, inclusive, but does not include any private school in which education is primarily conducted in private residences.

(b) **Exceptions.** Exceptions to the rules set forth herein for setbacks may be allowed subject to a Level 4 approval with a finding, upon recommendation of the Licensing Official, that the exception is appropriate because physical conditions specific to the manufacturing facility (such as topography or intervening vegetation or structures) reduce the setback distance necessary to protect the public interest

(E) **Cannabis Distribution.**

(1) **Zoning.** Subject to the restrictions set forth in subsections (2) and (3) below, commercial cannabis distribution uses may be permitted, as follows:

(a) Cannabis distribution pursuant to a Class 1 license associated with commercial cannabis cultivation or manufacturing may be permitted in any zoning district in which that use (cultivation or manufacturing, as applicable) is authorized.

(b) Cannabis distribution pursuant to a Class 2 license may be permitted only in the C-2 (Community Commercial), C-4 (Commercial Services), M-1 (Light Industrial), M-2 (Heavy Industrial), M-3 (Mineral Extraction Industrial), CA (Commercial Agriculture) zoning districts, the SU (Special Use) zoning district in accordance with SCCC Section 13.10.382, ~~on parcels with a Q (Quarry) General Plan overlay,~~ and in the CA zone district within legal structures existing on the effective date of the ordinance adopting this Section 13.10.650.

(2) **Restrictions.**

(a) In the geographic area designated as the Coastal Zone, and within one mile beyond the Coastal Zone, commercial cannabis distribution may only take place within legal structures existing on the effective date of the ordinance adopting this Section 13.10.650.

(b) A distribution facility shall be inaccessible by the general public and should be fully enclosed if feasible.

(c) Commercial cannabis distribution uses in the RA and A zone districts shall be ancillary to licensed commercial cannabis cultivation on the parcel.

(d) In the C-2 zone district, commercial cannabis distribution is only allowed in conjunction with a licensed dispensary, or licensed commercial cannabis manufacturing.

(3) Setbacks.

(a) No license may be issued to operate a cannabis distribution facility located within 600 feet from (i) a school, (ii) a day care center, or (iii) a youth center. The distance specified in this subsection shall be the horizontal distance measured in a straight line from the property line of the school to the closest property line of the lot containing the manufacturing facility under review, without regard to intervening structures.

(b) For purposes of this section, "School" means any licensed preschool or any public or private school providing instruction in kindergarten or grades 1 to 12, inclusive, but does not include any private school in which education is primarily conducted in private residences.

(c) Exceptions to the rules set forth herein for setbacks may be allowed subject to a Level 4 approval with a finding, upon recommendation of the Licensing Official, that the exception is appropriate because physical conditions specific to the distribution facility (such as topography or intervening vegetation or structures) reduce the setback distance necessary to protect the public interest.

## SECTION VIII

Section 13.10.382 of the Santa Cruz County Code shall be amended to add the following new subsection (C), and subsection (D) shall be renumbered accordingly:

(C) Non-Retail Commercial Cannabis Uses.

(1) Commercial cannabis cultivation uses may be permitted within the Special Use (SU) District ~~on parcels at least five acres in size~~, subject to all applicable requirements of SCCC Section 13.10.650 and Chapter 7.128, where the General Plan designation is ~~residential~~, AG (aAgricultural) or where the parcel has a General Plan designation of ~~I (Heavy Industrial)~~ or Q (Quarry). Where the General Plan designation is ~~residential or agricultural~~ AG, cultivation uses may be permitted ~~as specified in the use chart in subject to the limitations applicable under SCCC Sections 13.10.312(B) and 13.10.650 for in the RA zone district.~~ Where the General Plan designation ~~designation is industrial I or quarry Q (Q overlay)~~, cultivation uses may be permitted ~~as specified in the use chart subject to the limitations applicable under in SCCC Sections 13.10.342(B) and 13.10.650 for in the M-3 zoning district.~~

(2) Commercial cannabis manufacturing uses may be permitted within the Special Use (SU) District, subject to all applicable requirements of SCCC Section 13.10.650 and Chapter 7.128, where the General Plan designation of the parcel is ~~residential~~, AG (aAgricultural), or where

~~the parcel has a General Plan designation of I (Industrial) or Q (Quarry). Where the General Plan designation is residential or agricultural AG, manufacturing uses may be permitted as specified in the use chart in subject to the limitations applicable under SCCC Sections 13.10.312(B) and 13.10.650 for in the RA zone district. Where the General Plan designation General Plan designation is industrial I or quarry (Q overlay) Q, manufacturing uses may be permitted as specified in the use chart in subject to the limitations applicable under SCCC Sections 13.10.342(B) and 13.10.650 in for the M-3 zoning district.~~

(3) Class 1 cannabis distribution may be permitted within the Special Use (SU) District, subject to all applicable requirements of SCCC Section 13.10.650 and Chapter 7.128, where the General Plan designation of the parcel is ~~residential, AG (aAgricultural), industrial or where the parcel has a General Plan designation of I (Heavy Industry) or Q (Quarry).~~ Where the General Plan designation is ~~residential or agricultural AG,~~ Class 1 distribution uses may be permitted as ~~specified in the use chart in subject to the limitations applicable under SCCC Sections 13.10.312(B) and 13.10.650 for in the RA zone district.~~ Where the parcel has a General Plan designation is ~~designation of industrial or quarry (I or Q overlay),~~ Class 1 distribution uses may be permitted as ~~specified in the use chart in subject to the limitations of SCCC Sections 13.10.342(B) and 13.10.650 for the M-3 zoning district.~~ Class 2 cannabis distribution may be permitted within the Special Use (SU) District, subject to all applicable requirements of SCCC Section 13.10.650 and Chapter 7.128, where the General Plan designation is ~~Service Commercial/Light Industry (C-S) commercial or where the parcel has a General Plan designation of , industrial or quarry I or (Q) overlay.~~ Class 2 distribution uses on these parcels may be permitted as ~~specified subject to the limitations of in the use chart in SCCC Sections 13.10.342(B) and 13.10.650 for the M-3 zoning district.~~

## SECTION IX

The following definition shall be added to Section 16.01.020 of the Santa Cruz County Code:

“Environmental Coordinator” means the Planning Director of the County of Santa Cruz or designee.

## SECTION X

This ordinance is not subject to the California Environmental Quality Act (CEQA) pursuant to Business and Professions Code section 26055(h). That section states that Division 13 of the Public Resources Code does not apply to the adoption of an ordinance that requires discretionary review and approval of permits, licenses, or other authorizations to engage in commercial cannabis activity if such discretionary review includes any applicable environmental review required under Division 13.

## SECTION XI

Should any section, clause, or provision of this Ordinance be declared by the courts to be invalid, the same shall not affect the validity of the Ordinance as a whole, or parts thereof, other than the part so declared to be invalid.

## SECTION XII

This ordinance shall take effect in areas outside the Coastal Zone on the 31st day after the date of final passage, and shall take effect in areas within the Coastal Zone on the 31<sup>st</sup> day after the date of final passage, or upon certification by the Coastal Commission, whichever is later.

PASSED AND ADOPTED this \_\_\_\_ day of \_\_\_\_\_, 2018, by the Board of Supervisors of the County of Santa Cruz by the following vote:

AYES: SUPERVISORS  
NOES: SUPERVISORS  
ABSENT: SUPERVISORS  
ABSTAIN: SUPERVISORS

Attest: \_\_\_\_\_  
Clerk of the Board

\_\_\_\_\_  
Chairperson of the  
Board of Supervisors

Approved as to form:

\_\_\_\_\_  
Assistant County Counsel

**PROPOSED AMENDMENTS TO GENERAL PLAN AND LOCAL COASTAL PROGRAM  
AS RELATED TO CANNABIS LAND USE ACTIVITIES**

**Land Use and Development Framework**

**(LCP) Objective 2.2.1 Non-Retail Commercial Cannabis Activities**

State law authorizes and implements a comprehensive regulatory and licensing system governing a range of commercial cannabis activities. The objective of this section of the General Plan/Local Coastal Program is to ensure a structure for local regulation of cannabis activities that allows the issuance of licenses and land use permits for commercial cannabis activities in some locations, in a manner that protects the County's fragile environmental resources, coastal resources, quality of life of neighborhoods, and public health, safety and welfare.

**(LCP) Policy 2.2.1.1 Ancillary Uses in Residential Areas.**

Require that any commercial cannabis activities that are licensed and permitted on lands designated for residential uses be designed and of a scale that is ancillary to the primary residential use of the property.

**(LCP) Policy 2.2.1.2 Special Use (SU) Zoning Limitations.**

Only allow licenses and land use permits for commercial cannabis activities on property zoned Special Use (SU) where the general plan designation is AG (Agriculture), Heavy Industry (I), Manufacture (M), Quarry (Q), or Service Commercial/Light Industry (C-S). Regulations regarding cannabis licensing for the Residential Agriculture (RA) zone district shall apply to SU zoned parcels designated AG.

**(LCP) Policy 2.2.1.3 Improve Existing Environmental Conditions.**

Impose conditions of approval on discretionary land use permits for commercial cannabis activities, as appropriate, to reduce environmental impacts from existing disturbed areas, including but not limited restoration related to site work and to roadways.

**(LCP) Policy 2.2.1.4 Cannabis Industry and Commercial, Manufacturing and Industrial Economic Diversity**

In order to ensure that the cannabis industry does not create loss of a healthy diversity in the economy, to foster a balanced and resilient economy, and to ensure that commercial, manufacturing and industrial space is available for a variety of economic enterprises, monitor and evaluate the scale and location of cannabis enterprises to avoid over-concentration of cannabis sector activities or loss of diversity in the economy.

**Programs:**

- a. Develop discretionary licensing systems and discretionary land use permit requirements to regulate the location and operations of non-retail commercial cannabis activities (cultivation, manufacturing and distribution) in order to protect the public health, safety, and welfare in Santa Cruz County.

**EXHIBIT F**

- b. Monitor the effectiveness of commercial cannabis regulatory programs, including licensing and land use regulations, to ensure effectiveness of protection of natural resources, coastal resources, neighborhood compatibility, and public health, safety and welfare. Where appropriate, modify programs over time.
- c. Establish a cannabis enforcement program to address unlicensed and unpermitted commercial cannabis activities, and to ensure that licensed operations are operating consistent with licensing requirements, permit conditions, and all applicable provisions of the County Code.

#### **Objective 5.12 Timber Production**

(LCP) To encourage orderly economic production of forest products on a sustained yield basis under high environmental standards, to protect the scenic and ecological values of forested areas, and to allow orderly timber production consistent with the least possible environmental impacts.

##### **5.12.3 Conditional Uses Within Timber Production Zones**

(LCP) Allow the following types of uses if conditionally approved in accordance with the Timber Production ordinance. Conditional uses must be consistent with the growing of a sustained yield tree crop, within the purposes of the Forest Taxation Reform Act of 1976 and the Timber Production zone district, and should be supported by a timber harvest management plan.

- (a) Mineral production and mining operations in conformance with the provisions of the Mining Regulations ordinance.
- (b) Erection, construction, alteration and maintenance of water and transmission facilities.
- (c) Outdoor recreation, education or religious facilities in conformance with the provisions of the County's organized camp zoning regulations which do not conflict with the management of the parcel's timber resources.
- (d) Conversion to agricultural uses not exceeding ten percent of the total of the timber area on the parcel.
- (e) One habitable accessory structure on a legal parcel of record with a minimum size of 40 gross acres in the Coastal Zone and 10 gross acres in other areas of the County where the guest house will be located in close proximity to the principle residence.
- (f) Timber processing and other related facilities.
- (g) Commercial Cannabis activities, within non-timbered portions of a site, subject to all requirements of the non-retail commercial cannabis licensing ordinances, zoning ordinance, environmental regulations, coastal regulations, building code, and other applicable regulations.

#### **Objective 5.15 Specialized Agricultural Activities**

(LCP) To recognize and provide for a variety of agricultural uses, such as greenhouses, aquaculture, and wineries, and cannabis activities on lands which are properly suited for these specialized uses to maintain the optimum agricultural diversity.

**(LCP) Policy 5.15.22 Cannabis Industry and Agricultural Diversity**

In order to ensure a diverse and balanced agricultural economy, and to support a diversity of crops, livestock and fiber on County agricultural lands, monitor the location and scale of the cannabis industry to ensure that cannabis activities do not lead to over-concentration in the cannabis sector of the County's agricultural economy.

**Objective 6.3 Erosion**

(LCP) To control erosion and siltation originating from new and existing cannabis activities and related development, in order to reduce damage to soil, water and biotic resources.

**(LCP) Policy 6.3.12 Cannabis Industry: Avoid Excessive Grading**

In order to protect public health and safety and prevent negative environmental impacts from grading and land disturbance, avoid excessive grading and disturbance associated with cannabis activities. This includes grading for access roads and other site improvements such as pads, structures, terracing and other infrastructure, including grading which may be required to meet fire code or other standards. Carefully evaluate grading that would significantly alter topography, visual character of an area or coastal resources, and avoid or minimize such alternation. Consider or favor alternate locations that would require less disturbance. Deny licenses and land use permits where necessary to implement this policy.

**(LCP) Policy 6.3.13 Cannabis Industry: Site Restoration**

Ensure that sites used for cannabis activities are restored to pre-graded conditions, as appropriate, when cannabis activities are relocated, activity has ceased, or a cannabis license is no longer valid.

**EXHIBIT F**

**NON-RETAIL COMMERCIAL CANNABIS BUSINESS  
BEST MANAGEMENT AND OPERATIONAL PRACTICES (BMOP) REQUIREMENTS**

**PURPOSE**

Pursuant to Santa Cruz County Code (SCCC) 7.128.090(A)(1)(a)(xi), the following Best Management and Operational Practices (BMOP) requirements apply to all non-retail commercial cannabis businesses to reduce the environmental impacts of cannabis operations. The cannabis BMOP requirements shall be administered by the Cannabis Licensing Office (CLO) unless otherwise specified. The cannabis BMOP requirements must be upheld by licensees and affiliated operators and will be verified during random and/or annual license renewal inspections. Dependent upon a site's unique circumstances, the nature of operations proposed and licenses sought, CLO will determine the requirements that apply to a cannabis business operation. The BMOP shall be implemented prior to licensed cannabis activities taking place and on an ongoing basis commensurate with the requirements set forth. Failure to comply shall be grounds for license revocation and/or administrative penalties.

Be advised that some requirements set forth in the BMOP will require qualified consultants and/or licensed professionals to prepare studies or plans on behalf of the applicant. It is the applicant's responsibility to ensure they employ a qualified professional where deemed necessary, as stipulated in this document.

The BMOP may only be amended by County staff with the explicit approval of Cannabis Licensing Official.

**BEST MANAGEMENT AND OPERATIONAL PRACTICES**

**A. SITING CRITERIA**

**Toward identifying the optimal location for proposed development, prior to developing design plans and prior to formal submittal of proposed plans to the Cannabis Licensing Office and Planning Department, the applicant must demonstrate they have followed the requirements below to ensure potential impacts of proposed development will be avoided or minimized.**

- 1. Avoidance of Excessive Grading**– In order to protect public health and safety and prevent negative environmental impacts from grading and land disturbance, avoid excessive grading and disturbance associated with cannabis activities. This includes grading for access roads and other improvements such as pads, structures, terracing and other infrastructure, including grading which may be required to meet fire code or other standards. Site design shall minimize grading activities and reduce vegetation removal based on the following requirements:
  - a. Access roads and driveways used to access commercial Cannabis facilities and/or growing areas shall not cross slopes greater than 20 percent, and associated cuts and fills shall not exceed 10 feet, and shall not have an unretained height of

**EXHIBIT G**

greater than 5 feet. Existing access roads that cross slopes greater than 20 percent may be utilized at the discretion of County staff, provided documentation shows they were created through a valid grading permit, or were in existence prior to the County grading ordinance.

- b. Building, growing and access envelopes should be designated on the basis of site inspection and technical reports to avoid particularly erodible areas and areas subject to geologic hazards;
- c. The superior growing characteristics of a particular location shall not serve as justification for additional/excessive grading or environmental impacts where alternative locations exist that would result in less grading and/or fewer environmental impacts, even if these may result in lesser crop yield.
- d. Cannabis cultivation shall not be allowed on slopes over 20 percent. An exception may be granted by the Licensing Official, if existing areas of cultivation were established prior to January 2013, that allows cultivation sites to be located on slopes greater than 20 percent but less than 30 percent provided they are otherwise in conformance with SCCC Chapter 16 along with the submission of a soils engineering report confirming the stability of slopes to support the cultivation activity.

Responsible Department: Planning Department

**2. Minimizing Site Disturbance and Reducing Forest Fragmentation**—To avoid and minimize forest fragmentation, development on sensitive habitat, and conversion of prime agricultural soils, measures shall be taken including, but not limited to, the following:

- a. **Cluster Development**— New structures, operation work areas, and parking shall be sited so as to cluster development within 200 feet of existing developed areas and structures. Where no existing developed area exists, clustering of all operations and structures shall comply with same 200 foot cluster requirement. Access roads shall involve the minimum distance possible to access cannabis facilities and using existing access roads where feasible is required.
  - i. Alternate locations that do not meet this requirement may be considered only if it is determined by the Licensing Official that it is infeasible or undesirable from an environmental protection standpoint. The project proponent must provide sufficient evidence that the siting of new structures and associated infrastructure is located in an environmentally superior location that would not negatively impact existing natural resources or timber resources.
- b. **Limit Footprint of Development**— Development shall be sited on the property to avoid permanent alteration of native soils. If new development is required, reduce development footprint to convert as little land as possible from its natural state.

- i. In the presence of prime agricultural soils, technical reports are required to demonstrate the new development will conserve prime farmland to the maximum extent feasible (e.g., siting the proposed use on the perimeter of good agricultural soils where possible).
  - ii. Site the proposed use to minimize the development footprint which may entail utilizing existing site access roads or locating development on the site to minimize the total area required for new site access, and ensuring building design makes better use of vertical space (multi-level structure) where feasible.
  - iii. Avoid ridgetops or other areas with potential for significant visual impacts.
- c. Karst Zones—In locations underlain by Karst Geology (highly permeable terrain that directly drains to water table), applicant shall:
- i. Carry out site-specific geologic investigations to ensure areas of disturbance and the development of structures and roads are sufficiently set back from sinkholes or other karst features.

Responsible Department: Cannabis Licensing Office and Planning Department

**3. Biological Assessments**— Licensees who apply for a license at a site that would involve land alternation or clearing of: 1) established native vegetation; 2) locations that are considered sensitive habitat under SCCC 16.32, Sensitive Habitat; or 3) areas that have been identified as being potentially occupied by a federal or state-listed wildlife or special-status plant species, are required to have a County CLO Resource Planner determine through a preliminary site visit whether a biotic assessment is necessary.

- a. If a biotic assessment is required, the Licensee shall hire a County-approved biologist to conduct the assessment.
  - i. A biotic assessment determines whether protected species or habitat may be present, and whether avoidance, minimization or compensatory measures are necessary.
    - a. Avoidance of Conflict with an Approved HCP—During the County’s review of license applications for cannabis business activities, the County shall review whether a site is located within an area subject to an adopted HCP. The County shall not issue a license for any site on which the proposed activity would conflict with an adopted HCP.
    - b. Avoid Oak Woodland—To the extent feasible, activities on project sites shall avoid impacts on oak woodland. Avoidance is considered to be completely avoiding any work or staging under the dripline of trees within an oak woodland area, plus a 50-foot buffer. The Licensee shall design, construct, and operate the

cannabis business site to completely avoid impacts on oak woodland including a 50-foot buffer established prior to initial ground disturbance. The buffer shall be established at 50 feet from the perimeter of the woodland (as measured by tree driplines for trees on the outer edge of the woodland) unless otherwise agreed upon by a qualified plant ecologist retained by the County.

- c. No Cannabis Activities allowed within Sandhills Habitat or Salamander Protection Zone—During the County’s review of license applications for cannabis businesses, the County shall review whether a site is located within the Sandhills habitat or in oak woodland within ¼ mile of a known or suspected salamander breeding pond during its biological resources assessment process. The County shall not issue a license for any cannabis activity proposed within the Sandhills or Santa Cruz Long-toed Salamander habitats, with the exception of those indoor activities that do not require any soil disturbance.
- ii. In the case of previous unpermitted site disturbance on a property that is being considered for licensing, the assessment shall determine the extent to which specific restoration measures are required where disturbance has occurred.

Responsible Department: Cannabis Licensing Office and/or Planning Department

**4. Archaeological and Paleontological Surveys—** If new site disturbance is required for a proposed cannabis business operation and the location of disturbance has not been subject to prior archaeological or paleontological surveys in accordance with the County’s current Native American Cultural Sites and Paleontological Resource Protection regulations (SCCC Chapter 16), the applicant may be required to hire a County approved consultant to conduct archaeological and/or paleontological assessments to document the absence or presence of resources in the project area.

- a. If a current or previously conducted assessment indicates that archaeological or paleontological resources are located in or close to the project area, the applicant shall work with the Planning Department and the consultant as needed to carry out further study to ensure all avoidance measures have been applied. If applicable, applicant shall comply with all recommended mitigation measures the consultant determines necessary to avoid or reduce impacts to resources during construction and ongoing cannabis business operations.

Responsible Department: Planning Department

**5. Preliminary Historic Assessment of Structures 50 Years Old or More—** Prior to licensing of cannabis business activities on properties containing a structure or structures that are 50 years old or older that are not identified as historic resources in the County

Historic Resource Inventory (HRI), the structure(s) shall be reviewed for eligibility by the Planning Department Historical Resource Planner as an historic resource consistent with SCCC Chapter 16.42 and with the California Register of Historic Resources criteria.

- b. If the Planning Department determines after a preliminary review that the structure(s) may potentially meet the criteria for listing as a historic resource, and that the proposed licensed activities or developments have the potential to impact the historic significance of the structure(s), then the Licensee shall provide a historic assessment of the structure(s) prepared by a qualified historic consultant.
  - i. The historic assessment shall include a completed DPR 523a form and a letter prepared by the historic consultant stating whether the property has historic significance.
  - ii. If it is determined based upon the historic assessment that the licensed activity or development will impact a structure that is eligible as an historic resource pursuant to SCCC Chapter 16.42 or the California Register of Historic Resources criteria, then the staff historical resource planner shall review the site development for compliance with the Secretary of the Interior Standards for the Treatment of Historic Properties. Project conditions will be applied as appropriate to ensure compliance with the Secretary of the Interior Standards.

Responsible Department: Planning Department

## **B. SITE DESIGN**

**The applicant shall comply with the following requirements, as applicable, to ensure the cannabis operation is compatible with neighborhoods and protects natural resources.**

- 1. Fencing and Security**– Fencing and other security installations deemed necessary to secure the facility or site, including to protect cannabis crops from damage or predation by animals, shall not obstruct wildlife movement within or through a parcel or cause an animal to become trapped, injured or disoriented.

The applicant for a permit to allow cannabis development shall prepare and submit to the Cannabis Licensing Office for review and approval a Fencing and Security Plan demonstrating ample security and screening of the commercial cannabis activity. The Plan shall be implemented prior to the issuance of final building and/or grading inspection and/or throughout operation of the project, as applicable. The Fencing and Security Plan shall include, but not be limited to, the following:

- a. Wildlife-Friendly Fencing and Neighborhood Compatibility

- i. The Fencing Plan shall depict typical fencing details, including location, fence type, and height. All fencing and/or walls shall be made out of material that blends into the surrounding terrain and shall minimize any visual impacts.

1. Fencing specifications shall be based upon the Montana Fish, Wildlife, and Parks guide: A Landowner's Guide to Wildlife Friendly Fences: How to Build Fences with Wildlife in Mind, Second Edition and Updated 2012 <http://fwp.mt.gov/fwpDoc.html?id=34461>. Applicants shall pay special attention to the maintenance and use of fencing materials to reduce the chance that wildlife is ensnared or otherwise injured.
2. Fencing shall be sited and designed to avoid tree removal.
3. To the maximum extent feasible, fencing for cannabis cultivation sites in Mountain and South County Regions shall consist of:
  - a. Natural barriers and deterrents (e.g., poison oak or native blackberry [*Rubus ursinus*]) to prevent trespass from humans, and shall be visually consistent to the maximum extent possible, with surrounding agricultural and open space lands.
4. The least amount of fencing shall be used to secure site and protect crops. In the case of grow areas that need to be protected from wildlife intrusion, the smallest area possible shall be used immediately surrounding grow site to minimize disruption of wildlife movement through property.

5. Prohibited fencing materials include razor wire, tarps, dust guard fencing, privacy netting, or woven or non-woven polyethylene plastic.
6. The fence shall include a lockable gate(s) that is (are) locked at all times, except for during times of active ingress/egress. To the extent feasible, gates should be placed at corners and not along edges of fence to allow wildlife such as deer a better chance to escape if they do enter fenced area and gates are unlocked to allow them to exit.
- ii. The Licensee shall submit fencing plans to the County CLO for review and approval to ensure all requirements above are met and to ensure appropriateness of proposed fencing (e.g., use of natural materials and compatibility of proposed fence color with surroundings and compliance with applicable fence requirements of SCCC Chapter 13.10) prior to issuance of a cultivation license.
- iii. The Licensee shall demonstrate to the CLO, through a site visit or photographs, compliance with any fencing or security requirements and that all fencing is in place as required prior to commencement of cannabis business activities.

Responsible Department: Cannabis Licensing Office

b. Lighting for Security

- i. The applicant for any commercial cannabis activity involving exterior artificial lighting shall submit a Lighting Plan to the CLO for review and approval. The Lighting Plan shall be implemented prior to the issuance of final building inspection and/or throughout operation of the project, as applicable. The Lighting Plan shall include the following:
  1. Plans shall identify all lighting on the property and demonstrate that all lighting will comply with the standards set forth herein.
  2. Lighting necessary for security shall consist solely of motion-sensor lights and avoid adverse impacts on properties surrounding the lot on which the cannabis activity is located.
  3. Any outdoor lighting shall be fully shielded and directed downward. All exterior light sources shall comply with the International Dark Sky Association standards for Lighting Zone 0 and Lighting Zone 1, and be designed to regulate light spillage onto neighboring properties resulting from backlight, uplight, or glare (BUG).

Responsible Department: Cannabis Licensing Office

**2. Use of Impermeable and Permeable Surfaces**—Excessive introduction of impermeable surfaces, including pavement, and permeable materials including baserock, may

permanently alter a parcel's ability to absorb water onsite, and affect future soil productivity. Licensee shall avoid or minimize use of surfaces that may impact their long-term viability and the ability of native soils to perform their function in water absorption.

- a. Limit surfaces that may impair long-term native soil productivity and water retention. Licensee shall demonstrate that they have minimized the use of surface materials that would permanently alter native soils.
  - i. Impervious or pervious surfaces to be used in support of new cannabis operations, whether for structures or access, which impair long-term soil capabilities shall be limited to the minimum area necessary to provide structural support and access. The use of long-term sterilants under impervious surfacing shall not be allowed.
    1. Inorganic materials, such as baserock, gravel, or builder's sand, shall not be used as a surface for container placement or associated staging facilities unless it can be shown that the materials can later be removed without adversely impacting the underlying soils.
    2. Permanent impervious surfacing, such as cement and asphalt pavement, shall not be permitted as a platform for crop containers.
    3. Impermanent impervious surfacing, such as tarps, may be permitted with an approved drainage system to control irrigation and stormwater runoff. The impermanent impervious surfacing shall not adversely impact the on-site soils or adjacent properties.
  - ii. On CA Zoned Property: Development shall minimize use of impervious or semi-pervious materials on Type 1-3 soils with the potential to impact underlying soils. Technical reports are required to demonstrate conservation of farmland to the maximum extent feasible.

Responsible Department: Planning Department

**3. Visual Blending of Cannabis Infrastructure.** To reduce the visual impacts associated with cannabis infrastructure, the Licensing Official shall determine on a case by case basis whether cannabis infrastructure requires specific conditions to minimize visibility, so that cannabis related development does not project above a local ridge or tree line, and/or require specific color palettes for infrastructure that blend in with the surrounding environment.

- a. The Licensee shall submit the visual blending plan to the County Cannabis Licensing Office for review and approval to ensure appropriateness of the proposed color palette and techniques to be used to minimize visibility of cannabis-related infrastructure.
- b. The Licensee shall demonstrate to the County Cannabis Licensing Office, Building Official, and/or Fire Marshal as appropriate, through plans, a site visit, or photographs the site's compliance with any screening, painting, or other

- approved visual blending technique applied, and shall complete prior to cultivation activities, or within a timeframe established by the Licensing Official.
- c. The County shall review and approve the visual blending plan prior to issuance of a license. The County shall review site conditions periodically, as determined necessary, and during license renewal.

Responsible Department: Planning Department

- 4. Water Resources– Drainage.** New and existing commercial cannabis facilities and cultivation operations must meet County and State requirements for project design and construction. These standards exist to ensure that stormwater is captured/retained on-site and runoff impacts to neighboring properties and water bodies are minimized. Best Management Practices (BMPs) for facility design and stormwater management (pre and post-construction) have been published by the County Public Works Department, Planning Department, and Santa Cruz County Resource Conservation District (SCCRCD). Taken altogether, the Design Criteria and BMP measures provide a suite of actions that enable licensed cannabis operators to design, build and efficiently operate their projects to meet and remain in compliance with County and State water quality protection requirements.
- a. Prospective licensees shall use industry-standard manuals to plan, design and construct commercial cannabis facilities, including:
- i. “California Stormwater Quality Association- Stormwater Best Management Practice Handbook- New Development and Redevelopment” (<https://www.casqa.org/resources/bmp-handbooks/new-development-redevelopment-bmp-handbook>);
  - ii. “County of Santa Cruz Design Criteria Containing Standards for the Construction of Streets, Storm Drains, Sanitary Sewers, Water Systems, Driveways Within the Unincorporated Portion of Santa Cruz County” (Part 3. Stormwater Management). (<http://www.dpw.co.santa-cruz.ca.us/Portals/19/pdfs/DESIGNCRITERIA.pdf>);
  - iii. “Slow it. Spread it. Sink it!. A Homeowner’s guide to Greening Stormwater Runoff”. (<http://www.rcdsantacruz.org/resources>).
- b. All drainage shall be routed away from areas with karst geologic features.

Responsible Department: Planning Department

- 5. Water Storage–** Water storage shall be sufficient to meet Fire Department requirements and irrigation requirements taking into consideration applicable State Water Resources Control Board forbearance periods.
- a. Rainwater Collection System– Licensees for cannabis cultivation shall install a rainwater collection system including using all available structures associated with the cannabis business, such as greenhouses, drying and trimming sheds,

barns and storage facilities, and residences. Licensee shall calculate projected water demand for irrigation during the dry season (April 1 through September 30) in order to determine the maximum storage required, and estimate the potential water available based upon average rainfall in the area and square footage of roof surface available for harvesting. Required rainwater capture storage shall be the smaller of the two estimates.

- b. Water Tanks—Tank construction, capacity and quantity shall comply with all Planning and Building Department requirements.
  - i. Tank(s) must observe all applicable setbacks for structures;
  - ii. If allowed for water storage purposes as determined by County and State regulations, ponds must lined with an environmentally friendly material (bentonite, bento-mat, degradable geotextiles) and provide escape routes in ponds for amphibians/wildlife.
  - iii. Water storage locations shall be elevated where feasible to eliminate the need to pump water.

Responsible Department: Cannabis Licensing Office

## **C. CONSTRUCTION REQUIREMENTS**

**The applicant shall comply with the following requirements, as applicable, to ensure cannabis facilities construction protects neighborhoods and natural resources.**

### **1. Active Construction Requirements**

- a. **Seasonal Restriction**– To the extent practicable, ground-disturbing activities will be avoided during the wet season (i.e., between November 1 and March 31) to minimize impacts due to erosion and sedimentation.
- b. **Roosting Bat or Nesting Bird Survey**– For sites involving clearance of existing mature vegetation during breeding season, the Licensee shall hire a County-approved biologist to conduct a pre-activity survey for nesting birds to ensure that no nests will be disturbed during Construction or operation of a proposed cultivation or manufacturing site. These surveys shall be conducted no more than seven days prior to the start of initial ground disturbing activities. During these surveys, the biologist shall inspect all potential nesting habitats (e.g., trees, shrubs, ruderal grasslands, buildings, and bridges) in and immediately adjacent to the impact areas for nests. If an active nest is found sufficiently close to work areas to be disturbed by construction or operation of a proposed site, the biologist shall determine the extent of a construction-free buffer zone to be established around the nest (typically 0.5-mile for bald and golden eagles, 300 feet for other raptors, 250 feet for tricolored blackbird colonies, and 100 feet for other non-raptors) to ensure that no nests of protected birds shall be disturbed during construction or operation of a proposed site. No new Program-related activities shall be performed within the buffer zone until the young have fledged or the nest has been determined to be inactive by a County-qualified ornithologist.
- c. **Work Hours**– No outdoor construction activity will be initiated until 30 minutes after sunrise, and all outdoor construction activity will cease 30 minutes prior to sunset.
- d. **Worker Environmental Awareness Program**– Prior to the start of initial ground-disturbing activities, a qualified biologist shall conduct a pre-activity training program for all employees, contractors, or representatives of the Permittee who will take part in any project-related activity.
  - i. The training shall be tailored to the specific resources potentially occurring on the cannabis site in question and will include a discussion of sensitive biological resources within the area (including sensitive and regulated habitats), the potential for occurrence of special-status species, and the life histories of those species.
  - ii. The training will also review the project boundaries, work limits, and applicable environmentally sensitive areas.
  - iii. The pre-activity training program will also provide images of potentially occurring special-status species and review the avoidance, minimization,

- and protection measures to be implemented to ensure species are not impacted by project activities.
- iv. A handout that summarizes all the information covered in the pre-construction training program will be given to all on-site personnel and copies shall be made available on the site at all times.
- e. **Prevention of Spread of Nonnative Invasive Plants**—The Licensee shall employ the following Best Management Practices (BMPs) for weed control to avoid and minimize the spread of nonnative invasive plant species:
- i. Prior to grading or soil disturbance, invasive weed infestations within areas of direct permanent or temporary disturbance will be removed, and all vegetative material will be carefully bagged and transported to the landfill for professional high-temperature composting, taking care to prevent seed dispersal during the process by covering trucks transporting such material from the site.
  - ii. Following construction, site-appropriate native seed from a local source shall be planted on all disturbed ground that will not be cultivated or landscaped and maintained.
  - iii. Plantings in landscaped areas shall consist of site-appropriate native species to the extent practicable.
  - iv. Heavy equipment used in the activity area shall be washed prior to and following work at the site, before the equipment is used in other ground-disturbing activities, to prevent spread of weed seeds.
- f. **Sediment Control Measures**—Sediment control measures will be utilized throughout all phases of ground disturbance where sediment and/or earthen fill threaten to enter Waters of the U.S./State. All exposed/disturbed areas within the cannabis site shall be stabilized to the greatest extent possible. Erosion control measures, such as silt fences, straw hay bales, gravel or rock lined ditches, water check bars, and broadcast straw will be used where ever sediment-laden water has the potential to leave the work site and enter Waters of the U.S./State. Erosion control measures will be monitored during and after each storm event. Modifications, repairs, and improvements to erosion control measures will be made whenever needed. Materials used for erosion control or to repair erosion control will not pose a risk to fish or wildlife (e.g., materials containing monofilament will not be used to avoid entanglement of wildlife). Additional requirements include:
- i. **County of Santa Cruz Construction Site Stormwater Pollution control BMP Manual**”.  
<http://www.sccoplanning.com/Portals/2/County/Planning/env/ConstructionStormwaterBMPManual-Oct%20312011version.pdf?ver=2012-02-21-133552-347>

- g. **Staging and Storage Areas**– Staging and storage areas will be located in a dry upland location, above the top of bank of any water courses/drainage areas and outside mandatory riparian setback areas. Staging and storage areas will be within a paved or gravel- lined site, if feasible. Stationary equipment such as motors, pumps, generators, compressors, and welders located within or adjacent to a stream will be positioned over drip pans. Stationary heavy equipment will have suitable containment to handle a catastrophic spill/leak.
- h. **Spill Containment**– Spill containment kits will be maintained onsite at all times during construction operations and/or staging or fueling of equipment to contain and remediate incidental spills of fluids, such as fuels, oils, cleaning products, etc.
- i. **Open Pipe Restriction**– All pipes, culverts, or similar structures that are stored vertically or horizontally on site for one or more overnight periods will be securely capped on both ends prior to storage to prevent their occupancy by wildlife, and they will be thoroughly inspected for wildlife prior to being moved.
- j. **Open Trenches**–Any open trenches, pits, or holes with a depth greater than 1 foot will be covered at the conclusion of work each day with a hard, non-heat conductive material (e.g., plywood). No netting, canvas, or material capable of trapping or ensnaring wildlife will be used to cover open trenches. If use of a hard cover is not feasible, multiple wildlife escape ramps will be installed, constructed of wood or installed as an earthen slope in each open trench, hole, or pit that is capable of allowing large (i.e., deer) and small (i.e., snakes) wildlife to escape on their own accord. Prior to the initiation of construction each day and prior to the covering of the trench at the conclusion of work each day, a qualified biologist or on-site personnel will inspect the open trench, pit, or hole for wildlife. If wildlife is discovered it will be allowed to leave on its own accord; if wildlife does not leave on its own accord consultation with the California Department of Fish and Wildlife (CDFW) will be initiated.
- k. **Spoils Placement**– Spoils will be placed in a stable area outside of streams, wetlands, riparian areas, and other sensitive habitats.
- l. **Intake Screens**– Any surface water diversion that is permissible according to County and/or State regulations during construction require intake hoses and pump inlets to be completely screened with wire mesh not larger than 5 millimeters to prevent native fish, amphibians, and other aquatic species from entering the pump system. The screens will be made of non-corrosive material. The screen will be kept in good repair and cleaned/checked frequently. All screens will be supported above the channel bottom.
- m. **Vegetation Removal**– Disturbance or removal of vegetation will be kept to the minimum necessary to complete permitted project-related activities and must be approved by the CLO and/or Planning Department prior to removal.

- n. **Riparian Buffers**– Maintain buffers from riparian areas and other sensitive habitat areas, consistent with SCCC Title 16, to minimize intrusion from cannabis activities.
- o. **Post-Construction Revegetation**– Restoration and revegetation work required after construction activities will be implemented using native California plant species collected on-site or from local sources (i.e., local ecotype). Plant species and material from non-local sources will be utilized only with prior written authorization from the County.
  - i. Revegetation will be completed as soon as possible after earthmoving activities cease. Seeding placed after October 15 will be applied by hydro-seed or will be covered with broadcast straw, jute netting, coconut fiber blanket, light mulch or a similar erosion control method. Erosion control blankets with monofilament or woven plastic strands may not be used.

Responsible Department: Planning Department

#### **D. OPERATIONAL REQUIREMENTS**

**The applicant shall comply with the following requirements, as applicable, to ensure the ongoing operation of a cannabis business is compatible with neighborhoods, and protects employees and natural resources.**

**1. Employees–**

- a. Implement TDM Measures– To reduce operation-generated NOx emissions related to offsite mobile emissions caused by implementation of the Program, licensees must implement feasible TDM measures that reduce vehicle travel to and from their proposed site:
  - i. Provide for carpool/shuttle/mini bus service for employees, especially during harvesting periods, on cultivation sites;
  - ii. Provide bicycle storage/parking facilities;
  - iii. Provide incentives to employees to rideshare or take public transportation;
  - iv. Implement compressed or flexible work schedules to reduce the number of days per week that employees are needed onsite.
- b. Worker Rights and Safety– Licensees shall comply with the following requirements to ensure work health, safety and welfare:
  - i. Cultivators shall comply with all applicable federal, state, and local laws and regulations governing California Agricultural Employers, which may include: federal and state wage and hour laws, CAL/OSHA, OSHA, California Agricultural Labor Relations Act, and the Santa Cruz County Code (including the Building Code).
  - ii. All persons hiring employees to engage in commercial cannabis business shall comply with the following Employee Safety Practices:
    1. Cannabis business operations must implement safety protocols and provide all employees with adequate safety training relevant to their specific job functions, which may include:
      - a. Emergency response planning;
      - b. Employee accident reporting and investigation policies;
      - c. Fire prevention;
      - d. Hazard communication policies, including maintenance of material safety data sheets (MSDS) and establish materials handling policies; and
      - e. Personal protective equipment policies, including respiratory protection.
    2. Cannabis operations must visibly post and maintain an emergency contact list which includes at a minimum:
      - a. Operation manager contacts;
      - b. Emergency responder contacts; and
      - c. Poison control contacts.

3. At all times, employees shall have access to safe drinking water and toilets and handwashing facilities that comply with applicable federal, state, and local laws and regulations. Plumbing facilities and water source must be capable of handling increased usage without adverse consequences to neighboring properties or the environment.
4. On site-housing provided to employees shall comply with all applicable federal, state, and local laws and regulations. No camping onsite permitted at any time.

Responsible Department: Cannabis Licensing Office

2. **Herbivory Prevention Plan**– It is the responsibility of every cannabis business licensee to proactively protect cannabis plants or related infrastructure from herbivores, such as wood rats or deer, in an ecologically friendly manner. Every applicant for cannabis cultivation activities must develop and execute an herbivory prevention plan commensurate with the scale of their proposed operations in order to prevent crop damage from wildlife predation or other unwanted nuisances. The Cannabis Licensing Official may waive some requirements for exclusively indoor, well-sealed, fully enclosed and secure buildings, such as a warehouses if it is determined some measures are unnecessary.

An Herbivory Prevention Plan must be developed, executed and maintained throughout the life of the cannabis business license. Site inspections shall confirm that these measures are being taken on an ongoing basis. Every licensee shall work in consultation with a County approved biologist to prepare a plan incorporating measures including those listed below, as deemed appropriate, which shall be submitted prior to cannabis license issuance.

- a. **Herbivory Control**– All efforts to control unwanted herbivores are temporary and regular monitoring and maintenance is required of all licensees.

In the case of rodents, populations may be low for one to several years after conscientious plan implementation, but if not maintained, a new group of rodents will eventually re-establish in the vacated biological niche if food, water, and habitat are available. Rodent control relies on management that includes improved sanitation, exclusion, biological controls (e.g., beneficial predators like owls), habitat modification and elimination (e.g., mulches to control weeds, removal of ivy or similar non-native habitat for rats), and trapping. Woodrats or other rodents may chew on the stalks of young marijuana plants as a source of sugar and water. Rodents are mostly a danger when plants are young. Once the plants are taller, they can withstand some loss of the smaller lower limbs and buds. For this reason, traps or barriers may only be needed at the start of the growing season.

In the case of larger mammals such as deer, exclusionary fencing that will not harm wildlife (see Fencing requirements under *Site Design* chapter) is acceptable.

Not all methods and tactics will work at every site. A County approved biological consultant shall be retained to ensure monitoring and evaluation of plan efficacy throughout the life of the project.

- i. Physical barriers— Protect the base of the plants. The best deterrence against woodrat or other rodent predation is a physical barrier around the base of each plant: a 3-foot tall barrier of chickenwire, wrapped twice around each plant. Do not use Tanglefoot: it will not work, and may kill beneficial species like bees, lizards, snakes, and even birds.

Depending on the plant's life stage, using chickenwire (or hardware cloth), to cover plant in semi-burrito shape around plant protects its roots against gophers and its stalk & leaves against rabbits, woodrats and deer.

- ii. Mechanical traps— The large-size Victor mechanical snap traps, baited with crunchy peanut butter or walnuts, are effective at controlling woodrats. Note: When snap traps are used outdoors, they should be placed in boxes to prevent non-target animals such as dogs, cats and skunks from triggering and getting caught in the trap. Use an overturned wooden box with one open side, or a plastic pot turned upside-down with a hole cut in the rim.

Glue/sticky traps should never be used to control rodents. Not only are these devices cruel, they are indiscriminate killers that commonly catch non-target animals such as songbirds, baby mammals, lizards, and snakes.

- iii. Biological controls: Attract natural predators—Barn owls are the most voracious predators of rodents; a single wild barn owl usually eats about four small rodents a night—that's 1,460 per year. A barn owl family may eat up to 4,000 prey items during a single breeding season. Installing barn owl nest boxes will attract these beneficial predators to hunt and nest in your area. Barn owls are not territorial, so you may install more than one nest box on your property.

To make your property raptor-friendly, some properties may be appropriate for installing barn owl nest boxes and raptor perches. In working with a County approved biologist, an assessment must be

made whether and where to install owl nest boxes or raptor perches as not all properties are appropriate.

- iv. For more ideas on incorporating other non-toxic controls for small mammal pests in the garden, please see the handout, "Controlling Small Animal Pests," from the UCSC Farm & Garden.  
[https://casfs.ucsc.edu/documents/for-the-gardener/gopher\\_control.pdf](https://casfs.ucsc.edu/documents/for-the-gardener/gopher_control.pdf)

- b. Deer and other Wildlife– Applicant shall comply with all wildlife friendly fencing requirements noted in the *Site Design, Fencing* section of this BMOP to control for unwanted deer predation or predation by other animals.

Responsible Department: Cannabis Licensing Office

- 3. **Riparian Buffer Protection**– No storage or staging of any equipment or employee activities is allowed within required riparian setback areas designated for natural resource protections.
  - a. The removal of vegetation is prohibited within the setback. Unless as otherwise directed by a County approved biologist, riparian buffers shall be replanted with native vegetation if required to help ensure the buffer zones perform their protective function;
  - b. Observe riparian corridor setbacks: These areas shall be maintained as “no touch” areas. No equipment, vehicles, composting or other activity shall be stored in the riparian setback.

Responsible Department: Cannabis Licensing Office

- 4. **Supplemental Lighting for Cultivators**– Cultivators using artificial lighting to support cultivation shall shield structures so that no light escapes the structure, other than for the brief entry or exit of employees.
  - a. Light shall not escape the structure where artificial light is used for cultivation between sunset and sunrise in order to prevent disorientation of wildlife moving through property or disrupt neighboring properties.

Responsible Department: Cannabis Licensing Office

- 5. **Pesticides, Fuel Storage, and Hazardous Materials**– Refrain from the improper storage or use of any fuels, fertilizer, pesticide, fungicide, rodenticide, or herbicide.

- a. Any uses of pesticide products shall be in compliance with the State pesticide laws and regulations enforced by the County Agricultural Commissioner's Office and the California Department of Pesticide Regulation.
  - i. The following requirements shall apply to all licensees unless otherwise directed by the Agricultural Commissioner and/or Department of Pesticide Regulation:
    1. Pesticide Storage
      - a. Secure pesticides in locked storage shed;
      - b. Shed shall be ventilated and located in the shade;
      - c. Secondary containment capable of holding the maximum possible volume stored is required;
      - d. Pesticide and fertilizer storage facilities shall be located outside of the Riparian setbacks established in SCCC 13.10 for structures;
      - e. Pesticide and fertilizer storage facilities shall be adequate to protect pesticide and fertilizer containers from the weather;
      - f. Store all bags and boxes of pesticides and fertilizers off the ground on pallets or shelves;
      - g. If the structure does not have an impermeable floor, store all liquid pesticides and fertilizers on shelves capable of containing spills or provide appropriate secondary containment;
      - h. Routinely check for leaks and spills;
      - i. Have spill cleanup kit onsite to be able to respond to any leaks or spills.
    2. Pesticide Use
      - a. For pesticides with the signal word CAUTION that have listed food uses, comply with all pesticide label directions as they pertain to personal protective equipment, application method, and rate, environmental hazards, longest reentry intervals and greenhouse and indoor use directions.
      - b. For all other pesticides, use must comply with all label requirements including site and crop restrictions.
      - c. Prior to the use of any registered pesticide on cannabis, obtain an Operator Identification Number from the County Agricultural Commissioner.
      - d. Submit monthly pesticide use reports to the County Agricultural Commissioner.
    3. Fertilizer Use
      - a. Prior to applying fertilizers, evaluate irrigation water, soils, growth media, and plant tissue to optimize plant growth and avoid over fertilization.
      - b. Apply fertilizers at label rates.

- c. Do not apply fertilizers in a way that will result in runoff that may contaminate ground or surface water.
  - b. Storage of Fuel—Fuel shall be stored and handled in compliance with applicable state and local laws and regulations, and in such a way that no spillage occurs.
    - i. The following requirements shall apply to all licensees unless otherwise directed by the Environmental Health Department.
      - 1. Storage located more than 100 feet from water source with no discharge path to water;
      - 2. Proper storage instructions shall be posted and visible to all employees;
      - 3. Supply of spill clean-up material shall be stored near storage unit.
  - c. Hazardous materials and wastes from cannabis businesses are regulated by the Santa Cruz County Environmental Health Department that administers the Hazardous Materials program as one of the Certified Unified Program Agencies (CUPA). This includes the application, inspection, enforcement, and reporting under the program requirements and standards set by the California Environmental Protection Agency (CalEPA). Licensees shall comply with all current or future requirements of the SCC Environmental Health Department.

Responsible Department: Cannabis Licensing Office

- 6. **Odor Abatement Plan**— The applicant for cultivation, nursery, manufacturing (volatile and non-volatile), and/or distribution permits, shall (1) prepare and submit to the for review and approval, and (2) implement, an Odor Abatement Plan. The Odor Abatement Plan must reduce odors that are experienced within residential areas, to the maximum extent feasible as determined by the Cannabis Licensing Official. The Odor Abatement Plan shall be implemented prior to the issuance of final building and/or grading inspection and/or throughout operation of the project, as applicable. The Odor Abatement Plan must include the following:
  - a. A floor plan, specifying locations of odor-emitting activity(ies) and emissions;
  - b. A description of the specific odor-emitting activity(ies) that will occur;
  - c. A description of the phases (e.g., frequency and length of each phase) of odor-emitting activity(ies);
  - d. A description of all equipment and methods to be used for reducing odors. A Professional Engineer or a Certified Industrial Hygienist must review and certify that the equipment and methods to be used for reducing odors are consistent with accepted and available industry-specific best control technologies and methods designed to mitigate odor;
  - e. Approved odor control systems, subject to certification as required in Subsection d above, may include, but are not limited to:
    - i. Activated carbon filtration systems.

- ii. Vapor-phase systems. Vapor-phase systems must comply with the following:
  - 1. The resulting odors must be odor-neutralizing, not odor-masking.
  - 2. The technology must not be utilized in excessive amounts to produce a differing scent (such as pine or citrus).
  - 3. Use of these systems must have supporting documentation to demonstrate that the systems meet United States Environmental Protection Agency's Acute Exposure Guideline Levels or similar public health threshold.
  - 4. Other odor controls systems or project siting practices that demonstrate effectiveness in controlling odors.
- f. If an applicant reasonably believes that odors will be undetectable beyond the lot lines of the lot on which the cannabis activity will occur and, consequently, an complete Odor Abatement Plan is unnecessary, the applicant shall submit written documentation with the application for the cannabis permit, which sets forth the reasons why an Odor Abatement Plan is unnecessary, for the Cannabis Licensing Office's review and approval.

Responsible Department: Cannabis Licensing Office

## 7. Water Supply and Quality

- a. California State Water Resources Control Board Requirements—Licensee shall maintain compliance with all statutes, regulations and requirements of the California State Water Resources Control Board (State Water Board), including but not limited to the following:
  - i. All Licensees shall be compliant with the General Waste Discharge Requirements and Waiver of Waste Discharge Requirements for Discharges of Waste Associated with Cannabis Cultivation Activities Order (General Order) which implements the requirements of the State Water Board Cannabis Cultivation Policy – Principles and Guidelines for Cannabis Cultivation (Cannabis Policy). The Cannabis Policy establishes requirements for the diversion of water and discharge of waste associated with cannabis cultivation activities. Dischargers engaged in cannabis cultivation or associated activities are subject to the requirements of the Cannabis Policy and may be required to obtain coverage under the General Order.  
[https://www.waterboards.ca.gov/water\\_issues/programs/cannabis/docs/financialadoptedcango101717.pdf](https://www.waterboards.ca.gov/water_issues/programs/cannabis/docs/financialadoptedcango101717.pdf)
- b. Department of Fish & Wildlife— Licensee shall comply with the terms of any applicable Streambed Alteration Permit obtained from the Department of Fish & Wildlife.
- c. Water Tank Supply Management—To the maximum extent feasible, the Cannabis Licensing Office shall coordinate with Licensees to establish shared water tanks

for fire purposes in areas where two or more cannabis businesses are in close proximity.

- i. Filling of water tanks from groundwater or surface water sources to meet Fire requirements or irrigation needs shall be limited to the rainy season, between October 15 and April 15, or on dates as modified by the State Water Board, when groundwater resources are maximized.
- d. Irrigation—Irrigation must be conducted in a manner that does not result in waste or runoff from the cultivated area.
- i. Licensees shall work with the County Cannabis Licensing Office staff to identify and implement water conserving features of the cultivation site depending on the location and type of cultivation, including, but not limited to:
    - 1. Recirculated irrigation water (zero waste);
    - 2. Timed drip irrigation
    - 3. Soil moisture monitors;
    - 4. Evaporative barriers on exposed soils and pots;
    - 5. Use of recycled water;
    - 6. Irrigation only when soil is dry;
    - 7. Water at rates that avoid runoff;
    - 8. If using an irrigation system, inspect for and repair leaks prior to planting each year and continuously during the season;
    - 9. Inspect water delivery system for leaks prior to planting each year and periodically during the season;
    - 10. Install float valves on tanks to prevent tanks from overflowing. Provide for secondary containment in the event of rupture or overflow of water storage. Containment must be sufficient to capture or infiltrate the maximum contents of the tank;
    - 11. Implement mechanical retrofits on watering systems to improve water efficiency, such as changing droplet size on nozzles, spraying closer to the ground, and lower water pressure;
    - 12. Water plants at the appropriate time of day and frequency, according to month, season, and availability. Avoid watering in the wind and heat;
    - 13. Document watering schedule, and implement weather-based irrigation scheduling;
    - 14. Implement water harvesting reuse practices and recapture and reuse water wherever possible;
    - 15. Use greywater that does not contain chlorine bleach, salts, or boron to irrigate plants, as it also acts as a gentle fertilizer. Do not let greywater runoff into any water bodies;

16. Measure and monitor the quantity of all water used, including fresh, recycled, and harvested.

Water conserving techniques shall be reviewed and approved as part of the licensing process.

Responsible Department: Cannabis Licensing Office

8. **Waste**— Licensee shall develop, obtain approval for and execute a waste management plan that details all waste handling and storage procedures to be used for the cannabis business pursuant to the requirements of the California Department of Food and Agriculture, California Department of Public Health, Bureau of Cannabis Control, and the Santa Cruz County Department of Public Works.

Each Licensee shall prepare and submit a Cannabis Soil, Plant Material, and Solid Waste Management Plan for the cannabis site, which describes the type and amount of solid waste that would be generated by the cultivation, manufacturing or distribution operation.

- a. Provide detail on how waste (green waste, solid waste, hazardous waste, as applicable) will be properly stored and secured for disposal onsite, and provide detail on where and how cannabis plant material will be disposed of onsite or offsite. All measures that are used must be maintained through the life of the project.
  - i. Green Waste Management— Cannabis plant material and other organic materials may be composted and/or mulched on site or hauled to fully permitted and legal location for composting.
    1. Any plan to compost onsite must be prepared in consultation with a County approved biologist to ensure no impacts to water bodies including in riparian setbacks. Licensee shall ensure no discharge of pollutants to a watercourse.
      - a. Used growth medium (soil and other organic medium) shall be handled to minimize or prevent discharge of soil and residual nutrients and chemicals to watercourses. Proper disposal could include incorporating into garden beds, spreading on a stable surface and re-vegetating, storage in watertight dumpsters, or covering with tarps or plastic sheeting prior to proper disposal. The method of disposal must be documented and justified by the consulting biologist and associates.
      - b. Compost piles are to be located outside of riparian setbacks and in a manner that will not discharge pollutants to a watercourse. As recommended by the consulting biologist, possible measures to avoid impacting water bodies may include: construction of a berm or installation of a fiber roll around compost area to prevent runoff or use of straw

wattles around perimeter of compost area. Cover compost piles with tarp or impermeable surface prior to fall rains and continuously throughout the rainy season.

2. Any cannabis related organic waste that is not composted onsite (see item 2 below) shall be collected and processed by a local agency/waste hauler contracted by the County, or may be hauled to a manned, fully permitted solid waste landfill or transformation facility subject to the requirements of CDFA.
- ii. Litter Control—A litter control program will be instituted at each cannabis site. All workers shall ensure their food scraps, paper wrappers, food containers, cans, bottles, and other trash are deposited in covered or closed trash containers. The trash containers shall be removed from the site at a frequency sufficient to prevent overflow of trash.
- iii. General requirements for other business waste—All waste shall be securely contained and covered in an area designated for waste and recycling. All cannabis business operations shall contain trash/waste in a manner that maintains neighborhood compatibility including eliminating potential odors and visual impacts. Transfer of cannabis waste material from the site shall only occur as allowed by state and local regulations, either through pre-treatment onsite to render the waste acceptable to licensed landfill or composting facilities, or using a commercial hauler that meets state and local regulations for the treatment and disposal of cannabis waste.

Responsible Department: Cannabis Licensing Office

9. **Alternative Energy Sources**—Electrical power for indoor cultivation operations including but not limited to illumination, heating, cooling, and ventilation shall be provided by alternative energy sources according to the following priority: 1) on-grid power with 100-percent renewable or carbon-free source (a planned product of Monterey Bay Community Power in 2018), or 2) a combination of grid power and on site renewable generation to achieve annual zero net electrical energy usage, or 3) purchase of carbon offsets of any portion of power not from renewable or carbon-free sources. As a first priority, carbon offsets shall be purchased through a qualified local entity such as The Offset Project.

For new buildings, onsite solar photovoltaic systems shall be required, and retrofitted buildings shall be encouraged to install onsite solar photovoltaic systems to offset energy demand. All indoor cannabis cultivation and manufacturing facilities shall exceed the minimum standards of Title 24, Part 11 (CalGreen) by adopting all or some elements of CalGreen Tier 1 and 2 voluntary elective measures to increase energy efficiency in new buildings, remodels and additions. These measures shall prioritize upgrading lighting (e.g., using lightemitting diode [LED] lights) in indoor and greenhouse grow rooms, heating and cooling systems, appliances, equipment and control systems to be more energy efficient.

Responsible Department: Cannabis Licensing Office

**10. Energy Conservation**– Maximize energy efficiency of cannabis activities, including, but not limited to:

- a. Conduct an annual energy audit;
- b. Measure and record net energy usage;
- c. Maintain efficient heating/cooling/dehumidification systems;
- d. Implement energy efficient lighting, specifically LEDs over HID or HPS lighting where feasible;
- e. Implement automated lighting systems;
- f. Utilize natural light when possible;
- g. Utilize an efficient circulation system;
- h. Ensure that energy use is above or in-line with industry benchmarks;
- i. Implement phase-out plans for the replacement of inefficient equipment.

Responsible Department: Cannabis Licensing Office

**11. Access Roads**–The following requirements apply to licensees to ensure minimal impacts to neighborhoods and wildlife in association with the cannabis business.

- a. **Vehicle Access**–To minimize harassment, injury, death, and harm of sensitive wildlife species due to temporary habitat disturbances, all cannabis-related vehicle traffic and operations will be restricted to established roads, construction areas, equipment staging, storage, parking, and stockpile areas to the extent practicable. Vehicles will observe a 20- miles per hour speed limit within construction areas, except on County roads and State and Federal highways.
- b. **Rural Road Management**– Where cannabis related sites are located outside of an existing CSA, but within a rural road maintenance association, the County Licensing Official, in coordination with the County Department of Public Works, Transportation Division, shall require proof of registrant participation in the rural road maintenance association, if applicable, to ensure the safe access and compatibility of proposed operations, prior to issuance of a license to cultivate cannabis.

Responsible Department: Cannabis Licensing Office

**12. Site Closure or Cleanup and Restoration Plan for Relocated Cultivation Sites**–Areas of disturbance from existing cannabis activities that have degraded habitat areas shall be restored when licensing results in the relocation of existing cannabis operations to another location on a property or to another property, or when a licensed cultivation site is vacated by licensee.

- a. Cannabis operations that are non-conforming with site criteria following the adoption of Santa Cruz County Code (SCCC) Section 7.128 and 13.10 shall be

vacated or relocated per the requirements of the SCCC. Prior to abandonment or relocation, the existing operator shall prepare a Cleanup and Restoration Plan to be submitted with the licensing application materials. The Cleanup and Restoration Plan shall contain at least the minimum site-specific information required for the County to determine that the vacated cannabis site does not result in a violation of water quality standards or other natural resource protection regulations of the SCCC.

- i. The Cleanup and Restoration Plan shall include a requirement for annual reporting to the Cannabis Licensing Office for a period of five years to ensure restoration and maintenance of the site.

Responsible Department: Cannabis Licensing Office



# County of Santa Cruz

## COUNTY ADMINISTRATIVE OFFICE

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CARLOS J. PALACIOS, COUNTY ADMINISTRATIVE OFFICER

## **Cannabis Enforcement Program Administrative Guidelines**

### **Cannabis Licensing Office**

### **Background**

Unregulated cannabis business activities are associated with habitat destruction, pollution of waterways, illegal road construction causing erosion and increased sedimentation, unauthorized use of pesticides, illegal water diversion, large amounts of trash, human waste, non-biodegradable waste, and excessive water and energy use.

Cultivation within residential areas can cause numerous compatibility impacts including offensive odor, security and safety concerns, use of hazardous materials, unpermitted electrical and building construction causing high fire danger, light and glare, and damage to housing stock from mold and mildew.

The primary goal of the proposed Cannabis Licensing Program (Program) is to transition existing unpermitted cannabis operations into the regulated economy, while minimizing the impacts to the environment and neighborhoods. The cannabis enforcement program represents staff's best efforts to incentivize the industry to take advantage of this pathway and to ensure that the County uses strong enforcement tools to address violations by those operators who do not participate in the licensing and permitting process.

### **Methodology**

The cannabis enforcement program requires staff to evaluate and confirm violations of applicable licensing regulations in order to establish the appropriate enforcement action. The evaluation will include reviewing the license and permit status, as well as the type, scale, and duration of the violation. Monetary penalties and/or abatement actions are designed to act as a deterrent to operators exceeding the scope of licenses and to abate those operators who are conducting unlicensed commercial cannabis activities.

While penalties and fees will cover some costs associated with bringing operators into compliance, additional revenue sources will be identified and added over time as necessary. Resources will be

required to address the operations that are unable to become licensed in their current locations. Enforcement efforts may involve and require assistance from the County Counsel's Office, Sheriff's Office, District Attorney's Office, Environmental Health Services, CalFire and other agencies.

## **Objective**

The objective of the Cannabis Enforcement Program is to protect the citizens of Santa Cruz County and the environment through fair enforcement of laws and regulations related to cannabis. A focus is to gain rapid closure of any cultivation, manufacturing, distribution or retail cannabis businesses operating illegally in Santa Cruz County and to provide for ongoing compliance with the operating standards established in Santa Cruz County Code Chapters 7.128, 7.130 and all applicable County Building, Zoning and Environmental Protection Codes.

## **Strategy**

Achieving the objective of the cannabis enforcement program is best accomplished through a combination of outreach, public education and strict enforcement.

### Outreach

Conduct periodic informational workshops directed to industry representatives. Provide guidance about the ordinance thresholds and enforcement protocols. Prioritize enforcement efforts in a manner that offers a degree of "safe harbor" for operators who are actively and in a good faith manner pursuing necessary licenses and land use permits, and who are not causing harm to the environment, the surrounding neighborhood, and the general public.

### Public Education

Provide an online presence specific to enforcement policies as well as to offer an anonymous reporting mechanism. Create an online platform that displays data regarding the number and type of complaints received, the number of cases initiated, and case status information on the Cannabis Licensing Office website. Create a layer on the County Geographical Information System (GIS) platform that shows the location of all open cannabis code cases. Conduct workshops directed to the non-cannabis community in order to explain adopted cannabis ordinance provisions and code enforcement protocols and processing.

### Spring 2018 Staffing

As of Spring 2018 the Cannabis Enforcement Team consists of two Code Compliance Investigators (CCIs) assigned to the Cannabis Licensing Office, with support of four CCIs assigned to the Planning Department. The Cannabis Licensing Office is charged with enforcing violations of cannabis regulations found in Chapters 7.128 and 7.130 of the County Code. Planning Department staff oversees enforcement of all Building, Zoning, and Environmental regulations found in Titles 12, 13, and 16 of the County Code. Staff from the Licensing Office and from Planning will experience

“overlap” and will collaborate to define the most effective path and lead enforcement agency/personnel for the enforcement action.

County Sheriff’s Office staff provide civil standby, when requested, in conjunction with site inspections involving cannabis-related investigations. Two or more deputies are typically assigned, depending on the scope of the violation and parcel size.

Environmental Health Services (EHS) staff provide support for violations found to involve possible hazardous materials and/or hazardous waste (e.g. pesticides, hydrocarbon or other materials). EHS also provides support for violations involving individual well and septic requirements.

CalFire staff provide reporting and inspection support for cannabis and environmental violations that include removal and/or conversion of timberland.

State agencies also providing support include California Department of Fish and Wildlife, State Water Resource Boards, and the Army Corps of Engineers. A “Code Compliance Roundtable” consisting of staff from a multitude of local, regional and state agencies meets quarterly, and cannabis enforcement activities are often on the agenda of the group for discussion.

#### Additional Near-Term Staffing Requirements and Responsibilities

In the near term, through the annual county budget process which occurs in June (shortly after the start of licensing/permitting activities), funding will be requested to hire Sheriff Deputies assigned to the Cannabis Licensing Office full time. The Deputies would provide information from law enforcement databases regarding criminal history, vehicle registration and other information pursuant to complaints and active cases. Additionally, Deputies will ride along with CCIs to assist in securing sites, obtaining inspection warrants and to perform abatement when necessary.

An additional Code Compliance Investigator may be required in the near term within the Planning Department to provide additional support for all environmental and land use violations associated with cannabis cultivation and/or manufacturing activities.

Environmental Health Services may require additional staff in order to accommodate the increased number of sites requiring inspection, including kitchens used for cannabis manufacturing activities.

#### **Protocol**

The Cannabis Enforcement Team will take action on two categories of violation: unlicensed cannabis businesses and licensed cannabis businesses that have exceeded the scope of their license or otherwise violated conditions of license and/or permit approval. An initial effort will be made to identify and enforce against unlicensed cultivation operations, given the greater potential of unregulated activities to create environmental damage and the fire, health and safety risks posed by unregulated cannabis cultivation.

### Addressing Illegal Sites and Facilities

1. Require all anonymous registrants to disclose identities and locations by April 30, 2018. Registrants who elect not to disclose identities and locations will be removed from the registrant list, becoming ineligible for future licensing in unincorporated Santa Cruz County;
2. Using aerial photography, Sheriff, CalFire, and other agency information, locate and compile a list of unregistered cultivation sites;
3. Mobilize Cannabis Enforcement Team for site inspections for unregistered sites;
4. Post Notices of Violation (NOV) and 48-hour abatement notices for unregistered sites;
5. Following 48-hour period, eradicate all cannabis under cultivation (Cannabis Licensing Office deputies and/or outside contractor); and
6. Disconnect Utilities. Post 48-hour disconnect notice for any utilities supporting illegal/unregistered activities.

### Responding to Complaints

1. Upon receipt of complaint or identification of possible cannabis-related violation and parcel information, a "first contact" letter is sent to the property owner and tenant, if applicable;
2. If no response to the letter is received within 10 business days, the Sheriff's Office staff will search all applicable law enforcement databases for information about property owner and/or tenant; and
3. If the property owner and/or tenant remain out of contact, an inspection warrant will be obtained and a site inspection involving Sheriff's Office staff and Cannabis Licensing Office CCIs will be conducted.

Alleged violations involving Titles 12, 13, or 16 of the County Code will require Planning CCIs to accompany Cannabis Licensing staff for an onsite inspection. CalFire and/or other state enforcement agencies will be contacted to provide additional enforcement action if applicable.

### Monitoring Legal Sites and Facilities

1. Conduct annual inspections in conjunction with license renewal process; and
2. Conduct unannounced periodic inspections of licensed facilities selected at random, pursuant to the Annual Survey and Monitoring Report (see below for discussion of the Monitoring Report).

## **Enforcement Tools**

### Administrative Citations

The County has enacted an administrative citation program, contained within Chapter 1.13 of the County Code. The proposed Ordinance allows the use of administrative citations which authorize

the Cannabis Licensing Office staff to issue citations for violations at the time of discovery. Administrative citation amounts to be set by the Board of Supervisors.

The use of Administrative Citations will be limited to relatively minor violations, such as failure to adhere to operational conditions of license approval (e.g. trash/graffiti issues, minor security infractions, etc.).

#### Notice of Violation/Notice of Abatement

For serious violations, such as operating without a license or substantial violation of license and permit conditions/scope of work, a Notice of Violation will be posted on the site as well as a 48-hour Notice of Abatement. Violations that remain after 48 hours will be subject to abatement, including removal and disposal of all cannabis plants. After a period of seven days, if the violation(s) remain on the site, an Administrative Hearing will be scheduled and civil penalties sought.

#### Civil Penalties

The existing County Code enforcement process includes applying civil penalties to all violations. The proposed Ordinance regulating cannabis activities includes higher civil penalties than applied to typical code enforcement violations. These penalties would apply after an operator receives a Notice of Violation.

The Proposed Ordinance includes the following penalty options for cannabis-related violations, depending on the number and severity of violations.

1. \$2,500 for a first violation
2. \$5,000 for a second violation of the same County Code provision within one year
3. \$7,500 for each additional violation of the same County Code provision within one year.

The penalties within the proposed Ordinance reflect staff's recommendations that the penalties be commensurate with the value of the cannabis industry and provide an effective deterrent.

#### Cost Recovery

Cannabis Licensing Office and supporting personnel will track all time associated with pursuing and enforcing code violations, including time spent for abatement actions. All code and abatement costs may be recovered by placing a Special Assessment on the subject property, and those assessments/costs are included in the property tax bill issued by the County Treasurer-Tax Collector.

#### Civil Litigation

County Code Section 1.12.070(K) provides County Counsel with the authority to prepare and file a civil action on behalf of the County, to recover civil penalties and enforcement costs, and to seek

injunctive relief when appropriate. Any cannabis operator and/or property owner failing to address an active violation may be subject to such civil litigation and may be held responsible for all associated costs.

#### Criminal Litigation

County Code Section 19.01.120 provides that any person, whether principal, agent, employee, or otherwise, who knowingly and willfully violates any land use regulation shall be guilty of a misdemeanor. Violations involving grading, riparian or other potential environmental damage, or violations involving life, health, and/or safety concerns, may be referred to the County District Attorney for criminal prosecution.

#### "Safe Harbor" for Existing Cannabis Activity as Operators Take Good Faith Actions to Comply

As stated, the primary objective of the Cannabis Enforcement Program is to assist in the transition of illegal cannabis activity into the regulated context. Recognizing that the permitting and licensing processes can be time-consuming, the Cannabis Enforcement Team may, at its discretion, establish priorities and administer enforcement resources in a manner that would allow for continued cannabis activities by unlicensed operators who are otherwise in good standing and not creating significant harm to the environment and neighborhoods. In general, a period of about 6 months would be treated as a "safe harbor grace period" for operators to obtain all required permits and licenses, without pursuing enforcement beyond initial posting of a Notice of Violation. This grace period may be extended by the Cannabis Licensing Office to extend to up to a one year from the date of initial enforcement action, if warranted due to circumstances involved with pursuit of the appropriate license and permit for the activity.

#### **Interagency Collaboration**

Local and state agencies with oversight responsibility for any aspect of the cannabis industry will be invited to meet bi-monthly for the first year of implementation of the licensing ordinance. Agencies include the following: Planning Department Code Compliance and Environmental Planning Sections, Environmental Health Services, County Sheriff, District Attorney, County Counsel, State Department of Fish & Wildlife, State Water Resources Quality Control Board, CalFire (and/or other County fire agencies), Monterey Bay Area Air Resource Board.

#### Planning Code Compliance Staff

Once every two weeks, the Code Compliance Investigators for the Cannabis Licensing Office shall meet with the CCI's from the Planning Department to review the status of new and existing complaints/cases.

At each meeting, agencies shall report any new potential violations, identify high priority violations, and review actions taken on previously-identified priority sites.

## Resources

The Cannabis Enforcement Program shall be funded from the Licensing Fees assessed and supplemented by a portion of CBT Tax revenues collected. Additionally, all code costs and abatement costs associated with a valid Notice of Violation, shall be recovered by placing a Special Assessment upon the Property where the violation occurred.

## **Performance Measures**

A quarterly report of all cannabis-related Notices of Violation shall be made to the Board of Supervisors and posted on the Cannabis Licensing Office website.

To ensure that licensed cannabis business operators are complying with license and permit conditions, and to identify and take actions to address illegal cannabis activities, comprehensive annual survey and monitoring activities shall be carried out, with the results conveyed to the Board of Supervisors and the public through an Annual Survey and Monitoring Report, which will also contain any recommendations regarding changes in enforcement staffing, resources and approaches. A target of 50 percent of licensed cultivation, manufacturing and distribution sites shall be evaluated and reported upon each year in the Annual Report.

The Annual Report shall include, for each site reported upon:

- Location of the cultivation or manufacturing site;
- Type of cultivation (indoor/outdoor) and/or manufacturing (infusion/volatile/non-volatile extraction);
- Total square footage of newly disturbed ground associated with cannabis cultivation and manufacturing; and
- Total loss of any adjacent timber resources or recent habitat removals.

Surveys shall be conducted by staff from the Cannabis Licensing Office and Planning Department, and the lead agency for completion and submittal of the Annual Report shall be the Cannabis Licensing Office.

Within two years of implementation of the cannabis licensing program, any additional funding requirements shall be determined based on information from the Annual Survey and Monitoring Report, with funding requests subject to approval and authorization from the Board of Supervisors.

The following is a list of Categorical Exemptions that may apply to applications for discretionary approval of cannabis projects, with a brief description of the exemption. This list is excerpted from the guidelines, Title 14 California Code of Regulations, Chapter 3, Article 19, section 15300 to 15333. The full text of the section of the guidelines on exemptions, which includes complete descriptions, examples, notes and discussion, is available at: <http://resources.ca.gov/ceqa/guidelines/art19.html>.

## **15300. Categorical Exemptions**

Section 21084 of the Public Resources Code requires these Guidelines to include a list of classes of projects which have been determined not to have a significant effect on the environment and which shall, therefore, be exempt from the provisions of CEQA.

In response to that mandate, the Secretary for Resources has found that the following classes of projects listed in this article do not have a significant effect on the environment, and they are declared to be categorically exempt from the requirement for the preparation of environmental documents.

**Note:** Authority cited: Section 21083, Public Resources Code; Reference: Section 21084, Public Resources Code.

### **15300.2. Exceptions**

(a) Location. Classes 3, 4, 5, 6, and 11 are qualified by consideration of where the project is to be located -- a project that is ordinarily insignificant in its impact on the environment may in a particularly sensitive environment be significant. Therefore, these classes are considered to apply all instances, except where the project may impact on an environmental resource of hazardous or critical concern where designated, precisely mapped, and officially adopted pursuant to law by federal, state, or local agencies.

(b) Cumulative Impact. All exemptions for these classes are inapplicable when the cumulative impact of successive projects of the same type in the same place, over time is significant.

(c) Significant Effect. A categorical exemption shall not be used for an activity where there is a reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances.

(d) Scenic Highways. A categorical exemption shall not be used for a project which may result in damage to scenic resources, including but not limited to, trees, historic buildings, rock outcroppings, or similar resources, within a highway officially designated as a state scenic highway. This does not apply to improvements which are required as mitigation by an adopted negative declaration or certified EIR.

(e) Hazardous Waste Sites. A categorical exemption shall not be used for a project located on a site which is included on any list compiled pursuant to Section 65962.5 of the Government Code.

(f) Historical Resources. A categorical exemption shall not be used for a project which may cause a substantial adverse change in the significance of a historical resource.

### **15301. Existing Facilities**

Class 1 consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination. The types of "existing facilities" itemized below are not intended to be all-inclusive of the types of projects which might fall within Class 1. The key consideration is whether the project involves negligible or no expansion of an existing use.

### **15302. Replacement or Reconstruction**

Class 2 consists of replacement or reconstruction of existing structures and facilities where the new structure will be located on the same site as the structure replaced and will have substantially the same purpose and capacity as the structure replaced...

### **15303. New Construction or Conversion of Small Structures**

Class 3 consists of construction and location of limited numbers of new, small facilities or structures; installation of small new equipment and facilities in small structures; and the conversion of existing small structures from one use to another where only minor modifications are made in the exterior of the structure.

### **15304. Minor Alterations to Land**

Class 4 consists of minor public or private alterations in the condition of land, water, and/or vegetation which do not involve removal of healthy, mature, scenic trees except for forestry or agricultural purposes.

EXHIBIT I



# County of Santa Cruz

## PLANNING DEPARTMENT

701 OCEAN STREET, 4<sup>TH</sup> FLOOR, SANTA CRUZ, CA 95060  
(831) 454-2580 FAX: (831) 454-2131 TDD: (831) 454-2123

KATHLEEN MOLLOY PREVISICH, PLANNING DIRECTOR

www.sccoplanning.com

## NOTICE OF EXEMPTION

To: Clerk of the Board  
Attn: Susan Galloway  
701 Ocean Street, Room 500  
Santa Cruz, CA 95060

**Project Name:** : PROPOSED AMENDMENTS TO SANTA CRUZ COUNTY CODE CHAPTERS 7.128, 13.10, 16.01 AND RELATED AMENDMENTS TO THE SANTA CRUZ GENERAL PLAN / LOCAL COASTAL PROGRAM REGARDING A CANNABIS LICENSING, REGULATORY AND LAND USE PROGRAM FOR NON-RETAIL COMMERCIAL CANNABIS CULTIVATION, MANUFACTURING AND DISTRIBUTION ACTIVITIES

**Project Location:** County wide

**Assessor Parcel No.:** N/A

**Project Applicant:** County of Santa Cruz

**Project Description:** Regulatory licensing and land use program to govern non-retail commercial cannabis cultivation, manufacturing and distribution activities. All non-retail commercial cannabis activities will require a discretionary land use approval in addition to a business license. Each application for license and land use permit will be subject to environmental review pursuant to CEQA. Project includes repealing Chapter 7.128 of the Santa Cruz County code and adopting new chapter 7.128 regarding licenses for non-retail commercial cannabis businesses, amendments to Santa Cruz County code sections 13.10.700-c, 13.10.312, 13.10.322, 13.10.332, 13.10.342, 13.10.382, 16.01.020 and adding section 13.10.650, and amending the Santa Cruz County General Plan/Local Coastal Plan to add Objective 2.2.1, Policies 2.2.1.1, 2.2.1.2, 2.2.1.3, 2.2.1.4, 5.15.22, 6.3.12, 6.3.13 and programs 2.2.1 a. and b., and to modify Policy 5.12.3.

### Agency

**Approving Project:** County of Santa Cruz

**County Contact:** Paia Levine

**Telephone No.** 831 454 5317

### Date Completed:

This is to advise that the County of Santa Cruz Board of Supervisors has approved the above described project on \_\_\_\_\_ and found the project to be exempt from CEQA under the following criteria:

Exempt status: (check one)

- ☐ The proposed activity is not a project under CEQA Guidelines Section 15378.
- ☐ The proposed activity is not subject to CEQA as specified under CEQA Guidelines Section 15060 (c).
- ☐ The proposed activity is exempt from CEQA as specified under CEQA Guidelines Section 15061(b)(3).
- ☐ **Ministerial Project** involving only the use of fixed standards or objective measurements without personal judgment.

☒ **Statutory Exemption** other than a Ministerial Project (CEQA Guidelines Section 15260 to 15285).

Specify type: California Business and Professions Code section 26055, subsection (h)

☐ **Categorical Exemption**

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**Reasons why the project is exempt:** Division 13 (commencing with Section 21000) of the Public Resources Code does not apply to the adoption of an ordinance, rule, or regulation by a local jurisdiction that requires discretionary

review and approval of permits, licenses, or other authorizations to engage in commercial cannabis activity. To qualify for this exemption, the discretionary review in any such law, ordinance, rule, or regulation shall include any applicable environmental review pursuant to Division 13 (commencing with Section 21000) of the Public Resources Code. The proposed project is the adoption of ordinances requiring discretionary review of permits, licenses and other authorizations to engage in commercial cannabis activity. Discretionary review under each ordinance requires compliance with any applicable environmental review under Division 13 of the Public Resources Code.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_ Title: Environmental Coordinator

EXHIBIT J



**County of Santa Cruz Board of Supervisors  
Agenda Item Submittal**

**From:** Planning: Administration  
(831) 454-2580

**Meeting Date:** February 5, 2018

**Recommended Action(s):**

It is recommended that the Board take the following actions:

1. Consider and discuss the staff presentation, and accept public comments;
2. Provide direction to staff regarding any modifications to the proposal in concept, in order to confirm the content of the proposed Non-Retail Commercial Cannabis Regulatory Program that will be the subject of public hearings before the Planning Commission and the Board of Supervisors;
3. Confirm that the Cannabis Program shall be structured consistent with the statutory exemption provided through SB 94, which amended Business and Professions Code section 26055 to provide that the California Environmental Quality Act (CEQA) process does not apply to adoption of local cannabis program regulations if the regulations provide for discretionary issuance of cannabis licenses and/or permits and that environmental review will be conducted in association with such discretionary actions; and confirm that it is not necessary to prepare and certify a Final Environmental Impact Report (EIR) from the Draft EIR (DEIR) that was circulated for public review and comment on the earlier-proposed Cannabis Program;
4. Direct the Planning Commission to hold a public hearing on the proposed Cannabis Program at its meeting of February 28, 2018, and to prepare a recommendation for Board consideration; and
5. Direct staff and the Clerk of the Board to set a public hearing for the Board meeting of March 13, 2018 to consider the Planning Commission recommendation and the proposed Cannabis Program regulations, and to carry out public noticing of the public hearing as required by law for consideration of General Plan and zoning ordinance amendments.

**Executive Summary**

After consideration of the information in the DEIR (which studied two variants of a proposed project as well as several alternatives) and review of over 200 letters of comment on the DEIR, the county staff cannabis team has formulated a new proposed Commercial Cannabis Regulatory and Licensing Program for consideration by the Board of Supervisors and the public. The revised Non-Retail Commercial Cannabis Regulatory Program (Program) regulations being proposed incorporate mitigation measures from the DEIR as well as requirements for use of best practices, and also modify several aspects of the initially proposed Program in response to public comment. Regulations are proposed for cannabis cultivation, manufacturing and distribution, contained within a new Chapter 7.128 "Licenses for Non-Retail Commercial Cannabis Businesses" and associated amendments to Chapter 13.10 regarding land use permits that would be required under the Zoning Ordinance.

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The purpose of this February 5, 2018 Special Meeting of the Board of Supervisors is for the Board to provide direction to staff regarding any changes to the Program regulations, in concept, so that the content of the draft regulations that will be the subject of public hearings can be defined as the newly-proposed Program. New General Plan/Local Coastal Program policies related to non-retail commercial cannabis uses are also proposed, and the final language of these policies will be developed after receiving Board direction on this date, and will be included in the materials considered by the Planning Commission at its public hearing.

Additionally, it is proposed that the new CEQA statutory exemption recently made available for adoption of local cannabis program regulations be used by the County, so that the Program may proceed as soon as feasible. The highest level of environmental and community protection will result from shifting commercial cannabis activities, heretofore illegal, to a regulated context as quickly as possible. As a result, each individual non-retail commercial cannabis license proposal may be subject to individual CEQA review, dependent upon the intensity and scale of operations proposed.

### **Background**

Proposed Changes to Regulatory Program and to Environmental Review. The Non-Retail Commercial Cannabis Regulatory Program that is being forwarded by county staff differs from the initially proposed Program, and is also different from each of the Alternatives to the Program that were evaluated in the DEIR that was circulated for public review. The two-month public comment period ended on October 31, 2017, resulting in over 200 communications from Board advisory commissions, State and local agencies, interested parties and residents. The Cannabis Program now being recommended by County staff reflects the issues, analysis and concerns presented by the DEIR and associated public comments, and attempts to balance the interests of the natural environment, the community and the cannabis industry.

The new proposal by staff has been prepared with the intention of meeting the Board of Supervisors' objectives of avoiding and minimizing potential impacts on the environment, and on neighborhood and community quality of life, while addressing the long history of commercial cannabis industry in the unincorporated County and the need to regulate the industry to provide safer working conditions and ensure environmental compliance.

In late June 2017, following the Board's December 2016 approval of the EIR consultant contract for preparation of programmatic environmental review and two months prior to release of the county's Draft Cannabis Program EIR for public comment, Gov. Jerry Brown signed into law the Medicinal and Adult-Use Cannabis Regulation and Safety Act ("MAUCRSA"), synthesizing Prop 64 with existing cannabis law. The MAUCRSA included an express statutory exemption to the CEQA process for local jurisdictions adopting cannabis regulatory programs, provided such local ordinances and regulations require "discretionary review and approval of permits, licenses, or other authorizations to engage in commercial cannabis activity."

This means that it is no longer necessary for the County of Santa Cruz to complete certification of a Final EIR, as long as the Cannabis Program includes requirements for environmental review of individual applications for discretionary licenses and/or permits

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for cannabis activities. In order to provide for the timely implementation of the Non-Retail Commercial Cannabis Regulatory Program, staff is proposing that the Board of Supervisors adopt its Program using the new statutory exemption. Instead of certifying a Final EIR, project-level environmental reviews would occur for proposed cannabis activities as applications for licenses and permits are filed with the County. Staff has and will continue to prepare information and requirements that are responsive to the substantive comments received on the DEIR, so that the questions and comments submitted to the County are addressed, but it will not be in the form of a Final EIR Responses to Comments document. The responsive material will be provided as an attachment to the Planning Commission staff report for February 28<sup>th</sup>.

### **Analysis**

The recommended revised approach to the Cannabis Program regulations and environmental review, whereby CEQA review is shifted to each project proponent, will avoid significantly stalling implementation of the Program, an outcome that staff believes would be detrimental to the health, safety and welfare of County residents.

**Most Complete and Thorough Approach to CEQA Environmental Review of Cannabis Activities.** Using the new CEQA statutory exemption for adoption of the Cannabis Program, along with carrying out environmental review on future applications for discretionary licenses and/or permits, achieves a thorough level of environmental review for commercial cannabis activities, in that:

- a) The County did prepare a programmatic Draft EIR and that informational document was subject to public review and comment, which has all been used by staff to inform and improve the newly revised Non-Retail Commercial Cannabis Regulatory Program. The DEIR, including public and agency comments on the DEIR, provided the County with an abundance of information related to ongoing and future cannabis operations. A meaningful understanding of the Santa Cruz County cannabis industry has been instrumental to development of mitigations and other changes being incorporated into the newly revised proposed Program, in order to ensure protection of County natural resources, neighborhoods, and public health, safety and welfare.
- b) Issuance of each future cannabis license will be considered a discretionary action of the Licensing Official, and any associated land use development permits for commercial cannabis activities will also be subject to discretionary actions, which are subjected to CEQA environmental review prior to issuance or approval. Applicants will file concurrent applications to the Cannabis Licensing Office and Planning Department for required authorizations from the County. Depending on the scale and intensity of proposed operations, certain types of proposed cannabis activities will be subject to public notice and/or public hearings before action is taken on the land use permit application.
- c) Given that activities submitted and approved for cannabis licensing and land use permitting will be in compliance with the County's new regulations, and will incorporate mitigations and best practices that have been identified during the Draft EIR process or are otherwise required by the County's existing code, future project-level environmental review will most likely involve categorical exemptions or initial studies/negative declarations, rather than EIRs. However, depending on

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the location and scale of proposals, the need to carry out an EIR would be assessed as required by CEQA, where appropriate. More information about the types of cannabis activities that would be exempt from environmental review, or can be proposed in a manner that will not have the potential for significant environmental effects, will be made available by County staff in the near future.

- d) As stated earlier and concluded in the Draft EIR, the highest level of environmental and community protection will result from shifting commercial cannabis activities to a regulated context as quickly as possible, so that cannabis uses occur consistent not only with the new cannabis licensing and land use permitting regulations, but also with other land use, environmental and building policies and codes that are in effect.
- e) Substituting the CEQA statutory exemption for the Cannabis Program and individual CEQA environmental determinations for future proposed activities, rather than completing certification of the programmatic EIR, allows the Cannabis Regulatory Program to be adopted and implemented in the near future, without spending the extensive time and money necessary to defend a certified Final EIR before the licensing and permitting program could be implemented.

In conclusion, by requiring site-specific review of each license/permit application, the County would ensure that all environmental impacts are being considered and addressed on a site-by-site basis. Applicants would be required to obtain land use approvals from the Planning Department that would vary depending on the use contemplated, location, and a variety of other factors. Public notice and/or public hearings would be required for certain types of cannabis activities or development. The costs of environmental review would rest with applicants, and applicants would be required to indemnify the County for approval of individual projects, which is typical with other (non-cannabis) uses and developments.

By incorporating the Mitigation Measure recommendations identified in the DEIR into the cannabis regulations along with requirements for use of Best Practices, and through requiring case-by-case environmental assessment, the proposed approach has the benefit of strengthening environmental protections while allowing the timely establishment of a local cannabis industry to proceed. As identified in the DEIR, allowing the establishment of a regulated cannabis industry has environmental benefits beyond those previously outlined by bringing cannabis activities into compliance, while generating tax and licensing revenues to increase enforcement upon remaining unregulated activity. Staff believes utilizing the new statutory path set forth in the MAUCRSA is the superior approach for the environment, neighbors and applicants.

#### Summary of Key Aspects of Revised Cannabis Regulations Proposed by County Staff.

The initially proposed program evaluated by the EIR along with several alternatives, was based on a draft ordinance built on recommendations of the Cannabis Cultivation Choices Committee ("C4"), a facilitated public process that included residents, members of the cannabis industry, experts in planning, environmental health, law and more. In drafting its recommendations, the C4 committee incorporated hours of expert testimony from individuals and agencies with firsthand experience in the risks and benefits of cannabis production, both locally and across California. The majority of that work remains in the recommended Non-Retail Commercial Cannabis Program, but with

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modifications based on environmental review and public comment.

The Draft EIR process, including public and agency comments, has yielded a variety of recommended changes to the Program in order to ensure protection of the environment and community quality of life, while accommodating a newly legalized commercial economic sector in the County.

Review of cannabis business license applications will occur concurrent with the land use permit process. Pre-application consultation and assistance from staff in the Cannabis Licensing Office will be required prior to initial submittal of Planning permit applications for cannabis related development proposals (as well as the Planning Department). Submittal of complete applications, that are coordinated and comply with both the licensing ordinance and the zoning ordinance, will help with smooth and timely reviews by county staff, with less time and at a lower cost than would otherwise occur when applications are not complete. Once land use permits are obtained by the Planning Department, assuming no land use changes occur after permit issuance, only an annual renewal of the Cannabis License would be required; the land use permit process is not repeated. However, if business activities expand and/or occur out of compliance with the approved land use or conditions of approval, then a land use permit would be subject to review, and possible revocation in the case of violations.

Regarding *discretionary land use permits*, which will be required for cannabis licenses related land use development and associated activities, the numbers that are listed in the Use Charts in SCCC Chapter 13.10 are explained below. Land use permits, which will be required prior to issuance of a Cannabis Business License, generally do not expire, and usually must be approved before submittal of applications for building/grading permits.

- Level 3: County staff administrative action on application; no public notice; no public hearing*
- Level 4: County staff administrative action on application; public notice; no public hearing*
- Level 5: Zoning Administrator takes action on application; public notice; public hearing*
- Level 6: Planning Commission takes action on application; public notice; public hearing*
- Level 7: Board of Supervisors takes action on application; public notice; public hearing*

Aspects of the newly revised Non-Retail Commercial Cannabis Regulatory Program that may be of particular interest to the public and future applicants include the following:

1. Regulations to address manufacture and distribution have been added
  - Proposed SCCC 7.128 includes cultivation, manufacture, and distribution all under one ordinance; manufacture and distribution were not previously included within the initial draft Chapter 7.128. The Licensing Regulations focus on operational requirements imposed on licensees; the land use regulations in Chapter 13.10 address what types of cannabis activities are allowed in various zoning districts, and what type of application review

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process is required to obtain approval.

- Proposed SCCC Amendments to 13.10 provide that all cannabis activities require a discretionary land use development permit; which may be processed concurrently with a license application. The new land use/zoning regulations are based upon allowable activities provided for in Chapter 7.128. Zoning district, location inside or outside of the “coastal zone plus 1-mile buffer”, and parcel size are the key criteria used to determine what types of cannabis activities may be proposed.
2. Co-Location is possible in all zone districts eligible under the Program, allowing multiple licensees on a single parcel with certain limitations and conditions, but within the allowable canopy area allowed for the subject parcel.
  3. Master Planned Facilities are possible in all zone districts eligible under the Program, allowing applicants to propose a Master Plan with multiple licensees operating on adjacent parcels. The Licensing Official would make a recommendation as to an upper limit to the number of licensees, based on objectives of shared infrastructure and reducing environmental and neighborhood disruption, while ensuring appropriate security. Multiple licensees may be associated with a single dwelling if approved by the County and may coincide with Co-Location.
  4. Proposed Cultivation Rules
    - Limitations within Coastal Zone + 1-mile Buffer: Within the Coastal Zone + 1 mile (CZ+1), cultivation may only be permitted within existing structures and outdoors in the CA and A zoning districts; no development of new structures in any district except C-4 and M within CZ+1. Outside of the CZ+1 new structures may be permitted in many zoning districts.
    - Modified Canopy Limits established for CA and A: A few changes were made to the canopy limits proposed as part of the original project, but most stayed the same. The following specific changes are being recommended to allow licensees the opportunity to co-locate on parcels with canopy limits that may be raised dependent on parcel size and/or Licensing Official discretion.

#### CA

- Co-Location, parcels < 20 acres:
  - ✓ Up to 5% of parcel size, not to exceed one (1) acre
- Co-Location, parcels ≥ 20 acres:
  - Cultivation entirely within existing structures only
  - ✓ Canopy limits will be set by the Licensing Official
- Co-Location, parcels ≥ 20 acres:
  - New structural development
  - ✓ Up to 5% of the size of the parcel, not to exceed two (2) acres among all licensed sites

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A

- Co-Location, parcels < 20 acres:
  - ✓ Up to 3% of parcel size, not to exceed 10,000 square feet
- Co-Location, parcels ≥ 20 acres:
  - ✓ Up to 1.5% of the size of the parcel, not to exceed twenty-two (22,000) square feet among all licensed sites

5. TP Zone Updates

- If a cultivation site was registered and present on or before November 2016, it is eligible for a license. No new cultivation sites will be allowed on TP land.
- Cultivation on Timber Production zoned parcels will be limited to allow for a maximum of 0.25 acres of new land clearing or alteration for any cannabis related expansion.

6. Proposed manufacture rules involve regulations for 3 classes of license:

- Class 1: Infusion only, no extraction;
- Class 2: Extraction using non-volatile solvents or no solvents, may include Class 1 activities;
- Class 3: Extraction involving volatile solvents, may include Class 1 and 2 activities;
- Use Chart in SCCC 13.10 determines what Class (1, 2, or 3) of manufacture is allowed in a particular zone district;
- Manufacture is generally allowed in all zone districts where a licensed cultivation site is located, with the exception of the C-2, C-4 and M zone districts where licensed cultivation need not co-occur.

7. Proposed distribution rules involve regulations for 2 classes of license:

- Class 1: Self transport from cultivation site or manufacture site of licensee to other licensed facility;
- Class 2: Transport own and other licensed cannabis business' product and hold product for testing and packaging.

8. New Best Management and Operation Practices Plan requirements apply to all cannabis business licenses and impose the mitigation measures developed in the DEIR on licensed operations.9. An Enforcement Plan is being developed to establish policies, resource requirements and staffing to enforce the cannabis licensing program, consistent with the mitigations in the EIR, to protect the environment and neighborhoods.

Staff acknowledges that the attached regulations are complex, and it can be particularly challenging to absorb and understand the provisions of SCCC Chapter 13.10, the County zoning regulations, as they are proposed to apply to cannabis land use activities. Staff from the Cannabis Licensing Office and the Planning Department are

EXHIBIT K

and will be available to explain and answer questions about the provisions. Community workshops on January 31<sup>st</sup> at 5:30 in the Board Chambers and on February 1<sup>st</sup> at 5:30 at Felton Community Hall are also offered to facilitate understanding.

**Financial Impact**

None at this time; application and license fees will be established at the time of adoption of the Cannabis Program Regulations.

**Submitted by:**

Kathleen Molloy Previsich, Planning Director

**Recommended by:**

Carlos J. Palacios, County Administrative Officer

**Attachments:**

- a Proposed Ordinance, Chapter 7.128
- b Proposed Ordinance, Chapter 13.10

EXHIBIT K

ORDINANCE NO. \_\_\_\_\_

**ORDINANCE REPEALING CHAPTER 7.128 OF THE SANTA CRUZ COUNTY CODE  
AND ADOPTING NEW CHAPTER 7.128 REGARDING LICENSES FOR NON-RETAIL  
COMMERCIAL CANNABIS BUSINESSES**

The Board of Supervisors of Santa Cruz County hereby finds and declares the following:

WHEREAS, in 1992 the voters of the County of Santa Cruz enacted Measure "A", adding Chapter 7.122 to the Santa Cruz County Code which declared support for making cannabis available for medical use; and

WHEREAS, in 1996, the voters of the State of California approved Proposition 215 (codified as California Health and Safety Code section 11362.5, and entitled "The Compassionate Use Act of 1996"), which enabled persons who are in need of cannabis for medical purposes to use it without fear of criminal prosecution under limited, specified circumstances; and

WHEREAS, in 2004, the Legislature enacted Senate Bill 420 (codified as California Health and Safety Code sections 11362.7 *et seq.*) to clarify the scope of Proposition 215, and to provide qualifying patients and primary caregivers who cultivate cannabis for medical purposes with a limited defense to certain specified State criminal statutes; and

WHEREAS, County Code Chapter 7.124 of the Santa Cruz County Code implements the provisions of Proposition 215 and Senate Bill 420 by establishing a medical cannabis identification card program operated by the County; and establishing local guidelines for the possession and cultivation of medical cannabis used by qualified patients and caregivers; and

WHEREAS, on or about September 11, 2015, the California Legislature approved Assembly Bill 266, Assembly Bill 243, and Senate Bill 643, together constituting the "Medical Marijuana Regulation and Safety Act," and subsequently renamed the "Medical Cannabis Regulation and Safety Act" (hereinafter "MCRSA"), which the Governor thereafter signed into law; and

WHEREAS, on December 8, 2015, the Board of Supervisors enacted an ordinance adding Chapter 7.128 to the Santa Cruz County Code, which created an interim licensing scheme to regulate the commercial cultivation of medical cannabis; and

WHEREAS, on November 8, 2016, the voters of the State of California enacted Proposition 64, the "Control, Regulate and Tax Adult Use of Marijuana Act" (the "AUMA"); and

WHEREAS, the stated purpose of the AUMA is to establish a comprehensive system to legalize, control, and regulate the cultivation, processing, manufacture, distribution, testing, and sale of nonmedical cannabis, including cannabis products, for use by adults 21 years and older, and to tax the commercial growth and retail sale of cannabis; and

Attachment: Proposed Ordinance, Chapter 7.128 (Cannabis Regulations)

WHEREAS, the AUMA creates a licensing system whereby the State will issue licenses to businesses authorizing them to cultivate, distribute, transport, store, manufacture, process, and sell nonmedical cannabis and cannabis products for adults 21 years of age and older, with such licenses to be issued starting January 1, 2018; and

WHEREAS, the AUMA mandates that State licensing authorities shall not approve an application for a State license if approval of the State license will violate the provisions of any local ordinance or regulation adopted in accordance with the requirements of the AUMA; and

WHEREAS, the AUMA states that nothing in it shall be interpreted to supersede or limit the authority of a local jurisdiction to adopt and enforce local ordinances to regulate businesses licensed under the AUMA, including, but not limited to, local zoning and land use requirements, business license requirements, and requirements related to reducing second hand smoke, or to completely prohibit the establishment or operation of one or more types of businesses licensed by the State within the local jurisdiction; and

WHEREAS, 69.89 percent of Santa Cruz County voters approved the passage of the AUMA; and

WHEREAS, on or about June 27, 2017, Governor Jerry Brown approved Senate Bill 94, a law designed to implement the provisions of the AUMA and synthesize it with the provisions of the MCRSA; and

WHEREAS, SB 94 amended Business and Professions Code section 26055 to add subsection (h), which provides that the CEQA process does not apply to the adoption of an ordinance, rule, or regulation by a local jurisdiction that requires discretionary review and approval of applications for permits, licenses, or other authorizations to engage in commercial cannabis activity, and that in order to qualify for this exemption, the discretionary review of applications provided for by any such law, ordinance, rule, or regulation shall include a requirement for any applicable environmental review pursuant to the CEQA process to occur prior to taking action on such applications; and

WHEREAS, (1) the unregulated cultivation, manufacture, and distribution of cannabis and cannabis products in the unincorporated area of Santa Cruz County can adversely affect the health, safety, and well-being of the county and its residents; and (2) comprehensive civil regulation of premises used for cannabis cultivation, manufacture, and distribution is proper and necessary to avoid the risks of criminal activity, degradation of the natural environment, obnoxious smells, indoor electrical fire hazards that may result from unregulated cannabis business activities, and related risks; and

WHEREAS, (1) it is the purpose and intent of this ordinance to implement State law by providing a means for regulating the cultivation, manufacture, and distribution of cannabis in a manner that is consistent with State law and regulations, and which balances the needs of consumers, residents, and businesses, and promotes the health, safety, and welfare of the residents and businesses within the unincorporated territory of Santa Cruz County; and (2) the intent and purpose of this ordinance is to establish reasonable regulations upon the manner in which cannabis may be cultivated, manufactured, and distributed, including restrictions on the location of non-retail commercial cannabis activities and the amount of cannabis that may be

cultivated, manufactured, or distributed at or from any location, in order to protect the environment, water supply, public health, safety, and welfare in Santa Cruz County; and

WHEREAS, by adopting the regulations contained in this ordinance, Santa Cruz County will achieve a significant reduction in the aforementioned harms caused or threatened by the unregulated cultivation, manufacture, and distribution of cannabis and cannabis products in the unincorporated area of the County; and

WHEREAS, no provision of the Chapter created by this ordinance shall be deemed a defense or immunity to any action brought against any person by Santa Cruz County, the Santa Cruz County District Attorney, the Attorney General of the State of California, or the United States of America.

NOW THEREFORE the Board of Supervisors of the County of Santa Cruz ordains as follows:

### SECTION I

The Santa Cruz County Code is hereby amended by deleting existing Chapter 7.128 in its entirety.

### SECTION II

The Santa Cruz County Code is hereby amended by adding new Chapter 7.128 to read as follows:

#### **Chapter 7.128 Licenses For Non-Retail Commercial Cannabis Businesses**

##### Sections:

|                  |                                                                                             |
|------------------|---------------------------------------------------------------------------------------------|
| <b>7.128.010</b> | <b>Purpose.</b>                                                                             |
| <b>7.128.030</b> | <b>Definitions.</b>                                                                         |
| <b>7.128.050</b> | <b>Prohibited activities.</b>                                                               |
| <b>7.128.070</b> | <b>Creation of the Non-Retail Commercial Cannabis Business Licensing Program.</b>           |
| <b>7.128.090</b> | <b>License required.</b>                                                                    |
| <b>7.128.110</b> | <b>Cannabis cultivation licenses.</b>                                                       |
| <b>7.128.130</b> | <b>Cannabis manufacturing licenses.</b>                                                     |
| <b>7.128.150</b> | <b>Cannabis distribution licenses.</b>                                                      |
| <b>7.128.170</b> | <b>General requirements applicable to all non-retail commercial cannabis license types.</b> |
| <b>7.128.190</b> | <b>Denial or revocation of license; remedies.</b>                                           |
| <b>7.128.210</b> | <b>Enforcement.</b>                                                                         |
| <b>7.128.230</b> | <b>No duty to enforce.</b>                                                                  |

### **7.128.010 Purpose.**

The purpose of this Chapter is to provide a licensing scheme to regulate non-retail commercial cannabis businesses engaged in the cultivation, manufacture, and distribution of cannabis and cannabis products in the unincorporated area of Santa Cruz County. It is also the purpose of this Chapter to mitigate the negative impacts and secondary effects associated with ongoing non-retail cannabis business activities including, but not limited to: demands placed on law enforcement and administrative resources; neighborhood disruption; cannabis sales to minors; robberies, burglaries, assaults, and other violent crimes; and the damage to the natural environment resulting from destructive cannabis cultivation, manufacturing, and distribution activities.

This Chapter is not intended to conflict with federal or State law. It is the intention of the County that this Chapter be interpreted to be compatible with federal and State enactments and in furtherance of the public purposes that those enactments encompass. In addition, this Chapter is not intended to regulate the non-commercial cultivation of cannabis, which is governed by SCCC Chapter 7.124.

### **7.128.030 Definitions.**

As used in this Chapter, the following words and phrases shall have the meanings respectively ascribed to them by this section.

- (A) "Applicant" means the person, firm, partnership, joint venture, association, corporation, limited liability company, estate, trust, business trust, receiver, syndicate, or any other group or combination acting as a unit (and the plural as well as the singular), submitting an application for a commercial cultivation, manufacturing or distribution license under this Chapter, consistent with the regulations set forth in this Chapter.
- (B) "Approved on-site source" means a source of water on the parcel at issue for which the applicant has obtained 1) the permission of all persons holding a legal right to the use of that water; and 2) the permission of all relevant federal, State, and local government agencies having authority to control or regulate the use of that water.
- (C) "Building" means any structure consisting of walls and a roof, which is used for the housing, shelter, or enclosure of persons, animals, chattels, or property of any kind.
- (D) "Cannabis" means all parts of the plant *Cannabis sativa* Linnaeus, *Cannabis indica*, or *Cannabis ruderalis*, whether growing or not, as defined under the California Medical Cannabis Regulation and Safety Act at Health and Safety Code Section 19300.5(f), as may be amended.
- (E) "Cannabis cultivation" means the planting, growing, developing, propagating, harvesting, drying, processing, curing, grading, trimming, packaging, or storage of, one or more cannabis plants or any part thereof in any location, indoor or outdoor, including within a fully enclosed and secure building. This definition should be read consistently with the definition for cannabis cultivation set forth in Chapter 13.10, to the extent there may be minor differences.

(F) “Cannabis distribution” means the activity of transporting cannabis or cannabis products between licensees, and any ancillary activity, such as packaging or labeling products, or storage between transport, that is conducted in association with the distribution activity. This definition should be read consistently with the definition for cannabis distribution set forth in Chapter 13.10, to the extent there may be minor differences.

(G) “Cannabis manufacture” shall mean production, preparation, propagation, or compounding of manufactured cannabis products either directly or indirectly, or by extraction methods, independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis, at a fixed location, including any storage, packaging, or repackaging of cannabis products in conjunction with manufacture. This definition should be read consistently with the definition for cannabis manufacture set forth in Chapter 13.10, to the extent there may be minor differences.

(H) “Cannabis manufacture facility”, “manufacture facility”, or “facility”, when used with reference to manufacture, means a structure(s) within which cannabis manufacture occurs.

(I) “Cannabis plant” means any mature or immature cannabis plant, or any cannabis seedling, unless otherwise specifically provided herein.

(J) “Cannabis product” means plant material that has been transformed, through a manufacture process whether by mechanical means and/or using solvents, into concentrated cannabis, or cannabis tinctures, edibles, drinks, topical salves, lotions or other materials containing cannabis or concentrated cannabis and other ingredients.

(K) “Canopy” means the designated area(s) at a licensed premises that will contain cannabis plants at any point in time, as follows: (1) Canopy shall be calculated in square feet and measured using clearly identifiable boundaries of all area(s) that will contain cannabis plants at any point in time, including all of the space(s) within the boundaries; (2) Canopy may be noncontiguous but each unique area included in the total canopy calculation shall be separated by an identifiable boundary that includes, but is not limited to, interior walls, shelves, greenhouse walls, hoop house walls, garden benches, hedgerows, fencing, garden beds, or garden plots; and (3) If cannabis plants are being cultivated using a shelving system, the surface area of each level shall be included in the total canopy calculation.

(L) “Closed-loop Extraction” means an extraction system that is designed to recover the solvents employed to extract cannabis that is built to codes of recognized and generally accepted good engineering standards, such as those of: (1) American National Standards Institute (ANSI); (2) American Society of Mechanical Engineers (ASME); (3) Underwriters Laboratories (UL); or (4) The American Society for Testing and Materials (ASTM).

(M) “Co-Location” means two or more different licensees operating on a single parcel, or two or more different licensees collectively operating on more than one parcel as part of an approved Master Plan, in order to reduce the overall impacts of development. Examples include two or more different cultivation licensees, or two or more different manufacturing licensees, operating on a single parcel, or four cultivation licensees operating on three adjacent parcels that are part of an approved Master Plan. “Co-Location” does not refer to a single person or entity holding more

than one category of license (e.g., cultivation, manufacturing, and distribution) and operating on a single parcel.

(N) “Cultivation site” means a location where cannabis is cultivated, and includes any structures used for cultivation activities.

(O) “Distribution facility” or “facility”, when used with reference to cannabis distribution, means a structure(s), separate and apart from a cultivation site or manufacture facility, in which cannabis or cannabis products are stored for any length of time in the course of distribution.

(P) “Fence” means a wall or barrier connected by boards, masonry, rails, panels, or any other materials for the purpose of enclosing space or separating and securing parcels of land. For purposes of this Chapter, the term “Fence” does not include tarpaulins, scrap material, hedges, or bushes.

(Q) “Growing Area” means a specific area on a cultivation site where cannabis is grown.

(R) “Hazardous material” means any material as defined in California Health and Safety Code Section 25501(n), as may be amended.

(S) “Hoop house” means an agricultural shade structure as described in SCCC Section 12.10.315.

(T) “Indoor” or “indoors” means any area that is contained within an enclosed structure that contains exterior walls and a roof, including any structure that may be open to the elements periodically by way of retracting the walls or the roof. For purposes of this Chapter, any structure that is serviced by utilities for powering grow lights, fans, etc., is considered “indoors.”

(U) “Infused product” means a product created through a process by which cannabis, cannabinoids, or cannabis concentrates are directly incorporated into an existing product to create a cannabis product, e.g., an edible (such as a baked good, tincture, or vape pen) or a topical (such as a lotion, salve, or soap) product.

(V) “License” means the written evidence of permission given by the Licensing Official for a licensee to engage in non-retail cannabis business activity. “License” does not mean “permit” within the meaning of the Permit Streamlining Act, and a license does not constitute a permit that runs with the land on which the cannabis business activity takes place.

(W) “Licensee” means the person or entity holding a valid license to engage in non-retail cannabis business activity under this Chapter.

(X) “Licensing Official” means the official appointed by the County Administrative Officer who is responsible for implementing the provisions of this Chapter.

(Y) “Master Plan” means a plan approved by the Licensing Official to allow multiple licensed cannabis businesses located on adjacent parcels to share infrastructure in order to reduce environmental impacts. For example, licensees who are part of an approved Master Plan may be

able to share infrastructure available on one parcel that would otherwise be required for each individual parcel.

(Z) "MAUCRSA" refers to the California Medicinal and Adult-Use Cannabis Regulation and Safety Act, Senate Bill No. 94, approved by the Governor on June 27, 2017, as may be amended.

(AA) "Non-retail cannabis business activity" means cannabis business activity that does not involve sales to retail consumers. Retail sales of cannabis and cannabis products directly to consumers are governed by the dispensary regulations set forth in SCCC Chapter 7.130.

(BB) "Non-volatile extraction" shall include: (1) mechanical extraction (e.g., cold water, heat press); (2) chemical extraction using a food-grade non-volatile solvent such as a non-hydrocarbon-based solvent or other solvent such as water, vegetable glycerin, vegetable oils, animal fats, or food-grade glycerin; (3) chemical extraction using a professional closed-loop CO2 gas extraction system.

(CC) "Non-volatile solvent" means any solvent used in the extraction process that is not a volatile solvent. This includes, but is not limited to, carbon dioxide and ethanol.

(DD) "Outdoor" or "Outdoors" means any area that is not "indoors" as defined in this Chapter.

(EE) "Owner" means any of the following:

(1) A person with an aggregate ownership interest of 20 percent or more in the entity applying for a license, unless the interest is solely a security, lien, or encumbrance.

(2) The chief executive officer of a nonprofit or other entity.

(3) A member of the board of directors of a nonprofit.

(4) An individual who will be participating in the direction, control, or management of the entity applying for a license.

(FF) "Parcel" means that unit of land assigned a unique Assessor's Parcel Number by the County Assessor, whether vacant or occupied by a building, group of buildings, or accessory buildings, and includes the buildings, structures, yards, open spaces, lot width, and lot area. The Licensing Official shall have the discretion to consider contiguous parcels under common ownership as a single parcel for purposes of this Chapter, where appropriate.

(GG) "Program" means the Non-Retail Commercial Cannabis Business Licensing Program created by this Chapter.

(HH) "Residence" means a fully enclosed structure or structures, including any attached garage, used as a dwelling unit. "Residence" does not include a detached ancillary structure, such as a shed, barn, etc.

(II) "SCCC" means Santa Cruz County Code.

(JJ) "Structure" shall have the meaning ascribed by SCCC Section 13.10.700-S.

(KK) "Volatile extraction" involves chemical extraction using volatile solvents.

(LL) "Volatile solvent" means a solvent that is or produces a flammable gas or vapor that, when present in the air in sufficient quantities, will create explosive or ignitable mixtures. Examples of volatile solvents include, but are not limited to, butane, hexane, and propane.

(MM) The following words or phrases when used in this section shall be construed as defined in California Health and Safety Code Section 11362.7, as may be amended: "qualified patient;" "identification card;" "person with an identification card;" and "primary caregiver."

#### **7.128.050 Prohibited activities.**

(A) Other than as specifically allowed under the terms of this Chapter, it is unlawful and shall constitute a public nuisance for any person to cultivate cannabis for commercial purposes without 1) a currently valid local license required by this Chapter; and 2) a currently valid State license required under California law. For regulations on the cultivation of cannabis for non-commercial purposes, see SCCC Chapter 7.124.

(1) Exception: A cultivation site granted an exemption by the Planning Director pursuant to SCCC Section 13.10.670(G) as enacted by Ordinance No. 5090 (now repealed), is exempt from this section, as long as the area subject to cultivation is not expanded or enlarged beyond what existed on January 1, 2010 at the location where the exemption was granted. The holder of the exemption may move its location to another site in the County, as long as the area subject to cultivation does not exceed what existed on January 1, 2010 at the location where the exemption was originally granted, and as long as the new site meets all other requirements of this Chapter, other than those specifically waived by the Licensing Official.

(B) It is unlawful and shall constitute a public nuisance for any person to manufacture cannabis products, including but not limited to edible products (e.g., beverages and food products), topical products (e.g., lotions, salves, etc.), and cannabis concentrates without 1) a currently valid local license required by this Chapter; and 2) a currently valid State license required under California law.

(C) It is unlawful and shall constitute a public nuisance for any person to distribute cannabis or cannabis products without 1) a currently valid local license required by this Chapter; and 2) a currently valid State license required under California law.

(D) It is unlawful and shall constitute a public nuisance for any person owning, leasing, occupying, or having charge or possession of any parcel within the County to cause or allow such parcel to be used for any activity prohibited by this Chapter.

#### **7.128.070 Creation of the Non-Retail Commercial Cannabis Business Licensing Program.**

(A) There is hereby created the Non-Retail Commercial Cannabis Business Licensing Program. The Program shall be operated by the Licensing Official. The Licensing Official shall

be designated by the County Administrative Officer.

(B) The Licensing Official shall take the necessary steps to build and manage the Program. This includes, but is not limited to, accomplishing the following tasks:

- (1) Creating application forms for licensees;
- (2) Conducting pre-licensure inspections;
- (3) Approving, conditionally approving, and denying license applications;
- (4) Issuing, renewing, and revoking licenses;
- (5) Creating a system on the County's website to communicate the number of licenses issued and to notify the public as to whether applications for licenses are being accepted;
- (6) Establishing administrative policies, procedures, rules, and regulations necessary to implement the Program consistent with this Chapter;
- (7) Collecting fees necessary to implement the Program; and
- (8) Working with other County officials and staff to ensure that licensees comply with all aspects of the County Code, including but not limited to any necessary permits required under SCCC Title 12 (Building Regulations), Title 13 (Planning and Zoning Regulations), and Title 16 (Environmental and Resource Protection).

**7.128.090 License required.**

(A) Original License.

(1) Submission Of The Application.

(a) An application for an original license under this Chapter shall be made on the forms designated for that purpose promulgated by the Licensing Official, and shall include all required information, attachments, and signatures required by the Licensing Official. The forms shall be submitted under penalty of perjury, and shall include, but not be limited to, the following information:

(i) The names of the applicant(s) and the owner(s) of the proposed non-retail commercial cannabis business;

(ii) The exact location by street address and Assessor's Parcel Number(s) where the non-retail commercial cannabis business activity will take place;

(iii) The applicants' and owners' waiver and release of the County from any and all liability for monetary damages related to or arising from the application for a license, the issuance of the license, the denial of the license, or the enforcement of the conditions of the

license, including a complete defense and indemnification of the County from any third-party action related to the issuance of a license;

(iv) A copy of all applications submitted for State licensure of cannabis business operations;

(v) Background information as determined by the Licensing Official, including but not limited to a statement that the applicant(s) and owner(s) have submitted to a Live Scan background check no earlier than thirty days prior to the date the application is submitted;

(vi) Tax identification information;

(vii) Security plans;

(viii) Information regarding submittal of applications for required land use and/or building permits;

(ix) If the application concerns cultivation, a map containing the location of the growing area (cultivation should take place in a single growing area where total garden canopy may be easily measured, or as few areas as reasonably possible, rather than spread throughout the parcel);

(x) Identification of previous law enforcement and/or code enforcement activity at the premises related to cannabis;

(xi) A completed Best Management and Operational Practices Plan;

(xii) Such other information as required under this Chapter, or as the Licensing Official deems reasonably necessary for the County's thorough review of the application.

## (2) Review Of The Application.

(a) Upon receipt of an application for an original license and all required fees, the Licensing Official shall create a Licensing File related to the application, and will evaluate the application for consistency with this Chapter and other applicable County, State, and federal laws and regulations. The Licensing Official shall inform the applicant of any deficiencies which must be addressed prior to processing. After determining that the application is sufficient for processing purposes, the Licensing Official shall conduct a physical inspection of the site where the proposed non-retail commercial cannabis business activity will occur to determine whether it meets the requirements of this Chapter. The Licensing Official shall be the custodian of the Licensing File. The Licensing File is a public record within the meaning of the California Public Records Act.

(i) As part of the inspection outlined above, the Licensing Official shall take photos of the proposed site of the cannabis business operations and keep a copy of those photos with the Licensing File for enforcement purposes.

(b) Required Findings. Issuance of a license is a discretionary act. No applicant is automatically entitled to receive a license based solely on meeting the basic requirements of this Chapter. In order to issue an original license, the Licensing Official must make the following findings:

(i) Issuance of the license will be consistent with all requirements set forth in this Chapter and all administrative rules and regulations then in place, and either none of the grounds for denial under SCCC Section 7.128.190(A) exist, or the approval of the license will be subject to an enforceable condition(s) resolving any existing grounds for denial.

(ii) Issuance of the license will not create or maintain a nuisance, or be otherwise detrimental to public health, safety, or welfare.

(iii) The applicable environmental review pursuant to Division 13 (commencing with Section 21000) of the Public Resources Code (the CEQA process) has been completed.

(iv) The applicant has obtained all permits required under the Santa Cruz County Code (development, building, grading, etc.) and any other applicable jurisdiction for the land use authorized under the license (including, but not limited to, rules specific to location and public notice).

(3) Grant Or Denial Of The License.

(a) After concluding the required pre-license investigation, the Licensing Official shall notify the applicant in writing whether the license has been granted, conditionally granted, or denied, including any reasons for denial.

(b) Conditions. The Licensing Official is authorized to impose conditions on the license at the time it is granted in order to ensure the proposed business activity will meet the intent and requirements of this Chapter and other applicable provisions of the Santa Cruz County Code.

(4) Length Of Time The Original License Is Valid.

The original license shall expire one year after it is issued. If a licensee wishes to continue business operations after expiration of the original license, the licensee must obtain a renewal license, as set forth below in section 7.128.090(B).

(B) Renewal License.

(1) Requirement To Obtain A Renewal License.

(a) In order to continue business operations after the original license expires, a licensee must obtain a renewal license. A renewal license must be obtained annually via an application form designated for that purpose. It is incumbent on the holder of a license to ensure that the license is renewed before license expiration in order to continue business operations.

(b) Renewal license applications must be submitted at least 90 days before an existing license expires. The Licensing Official is not authorized to accept an untimely renewal license application.

(c) Each renewal license is valid for a one year period from the date it is issued. If a licensee wishes to continue business operations after expiration of the renewal license, it must obtain a new renewal license per the terms of this section.

(2) Submission Of The Renewal License Application.

An application for a renewal license shall be made on the forms designated for that purpose promulgated by the Licensing Official, and shall be accompanied by the applicable fees set forth in the Unified Fee Schedule. The forms shall be submitted under penalty of perjury, and shall include, but not be limited to, the following information:

(a) The information required for the submission of an original license under section 7.128.090(A);

(b) Identification of any changes to the information the applicant submitted on the original license application, including but not limited to any proposed changes to the business operations (including growing area if the application concerns a cultivation site);

(c) Any law enforcement, license enforcement, or other code enforcement activity related to the licensee's operations during the past calendar year;

(d) A representation that the applicant continues to hold in good standing any license required by the State of California for non-retail commercial cannabis business activities;

(e) A representation that the applicant continues to hold in good standing any land use permits required by the County of Santa Cruz to permit the specific type of land use at issue in the application; and

(f) Such other information as the Licensing Official deems reasonably necessary to a thorough review of the application.

(3) Review Of The Renewal License Application.

(a) Upon receipt of an application for a renewal license, the Licensing Official shall update the licensee's Licensing File and perform whatever investigation the Licensing Official deems necessary to determine whether to grant, conditionally grant, or deny the renewal license. The investigation may include a physical inspection of the licensee's business operations and facilities, at the discretion of the Licensing Official, to determine whether the licensee remains in compliance with the regulations of this Chapter.

(b) Issuance of a renewal license is a discretionary act. No applicant is automatically entitled to receive a renewal license based solely on meeting the basic requirements of this Chapter. It is not necessary for the Licensing Official to issue findings

before granting a renewal license to an applicant who is requesting to maintain already-approved business operations. However, if a renewal license applicant is seeking to change business operations in any substantive respect (e.g., increasing operating hours, increasing employees, increasing size of authorized operations, etc.), the Licensing Official must make the findings required under Section 7.128.090(A)(2)(b) before approving the renewal license application.

(c) If any physical changes are proposed at the cannabis business facility, the Licensing Official shall conduct an inspection of the proposed changes to ensure that the licensee will remain compliant with the regulations of this Chapter and other applicable provisions of the Santa Cruz County Code if a renewal license is granted. As part of this mandatory inspection, the Licensing Official shall take photos of the specific location of the proposed changes and keep a copy of those photos with the Licensing File for enforcement purposes. Any change in the location of the cannabis business operations area shall comply with all conditions and restrictions of any use or development permit issued under SCCC Chapter 13.10, or approval of a permit amendment shall be required for such change prior to issuance of the renewal license.

(4) Grant Or Denial Of The Renewal License.

(a) The Licensing Official shall notify the applicant in writing of whether the renewal license has been granted, conditionally granted, or denied, including any reasons for denial.

(b) The Licensing Official is authorized to impose new or additional conditions on the renewal license at the time it is granted in order to ensure that all cannabis business activities will meet the requirements of this Chapter and other applicable provisions of the Santa Cruz County Code.

(C) Amending A License.

Licensees may submit an application to amend an existing license on a form promulgated by the Licensing Official for that purpose. Applications to amend a license will be reviewed by the Licensing Official in a manner consistent with the review of original and renewal license applications. Granting an application to amend a license is a discretionary act. If an applicant is seeking to amend a license to change business operations in any substantive respect (e.g., increasing operating hours, increasing employees, increasing size of authorized operations, etc.), the Licensing Official must make the findings required under Section 7.128.090(A)(2)(b) before granting the application to amend the license. In addition, any such change shall comply with all conditions and restrictions of any use or development permit issued under Chapter 13.10, or an approved permit amendment shall be required for such change prior to issuance of the license amendment. No change may occur until an amendment has been granted and any applicable County permits are obtained. If changes trigger other jurisdictions' requirements, the applicant is responsible for obtaining authorizations, permits, or the like in advance of making any changes to a cannabis business operation.

(D) Co-Location Of Licensees.

(1) The Licensing Official is authorized to approve the Co-Location of licensees in order to minimize the impacts associated with cannabis business operations. Licensees may be

co-located regardless of license type, as long as each licensee meets all of the requirements set forth in this Chapter for that licensee's individual license type. Licensees may also be co-located with a dispensary licensed under Chapter 7.130 if all business activities meet all requirements of this Chapter and Chapter 7.130. The operations of co-located licensees cannot exceed those authorized under the use or development permits granted under SCCC Chapter 13.10 for the site at issue. Limitations on size and scope of operations for co-located businesses are set forth in detail in specific parts of this Chapter, where applicable.

(2) Applicants seeking to co-locate must submit a written "Co-Location Agreement" signed by each potential licensee and the property owner. Each licensee may be held liable for violations committed by any other licensee participating in the co-location agreement.

(E) Master Plan Operations.

(1) In order to minimize the impacts associated with cannabis business operations the Licensing Official is authorized to approve a Master Plan operation comprised of multiple licensed cannabis businesses operating on adjacent parcels and sharing infrastructure that would otherwise be individually required if the businesses were operating alone. Licensees may be involved in a Master Plan regardless of license type, as long as each licensee meets all of the requirements set forth in this Chapter for that licensee's individual license type.

(2) Applicants seeking approval of a Master Plan must submit a proposed "Master Plan Agreement" to the Licensing Official. The agreement must be approved by the Licensing Official and signed by each potential licensee and the property owner before approval of the Master Plan. Each licensee may be held liable for violations committed by any other licensee participating in the Master Plan Agreement, and the agreement must contain a written statement acknowledging this.

(3) At least one licensee must reside in a permitted residence on one of the parcels that participate in the Master Plan.

(4) The Licensing Official shall develop administrative policies and procedures for the effective implementation of this section, as well as rules to regulate Master Plans in a way that furthers the policies of sharing infrastructure, ensuring security and operations compatible with the surrounding neighborhood, and reducing environmental impacts.

(F) Vertical Integration.

Nothing in this Chapter shall prohibit a single person or entity from holding more than one category of license, provided the licensee obtains all required licenses and otherwise complies with the terms of this Chapter and all other applicable provisions of the Santa Cruz County Code.

(G) Application Fees And License Fees.(1) Application Fees.

All work performed in reviewing applications, consulting with the applicant, conducting site inspections, and making determinations on the application shall be billed to the applicant on an at-cost basis. An application for a license must be accompanied by a deposit as set forth in the Unified Fee Schedule. If the deposit is exhausted before work on the application is completed, the Licensing Official shall obtain a further deposit before performing more work on the application. At the conclusion of the Licensing Official's work, the Licensing Official will either refund the remaining balance, or bill the applicant for any overage. No license shall be granted until all application fees have been paid in full.

(2) License Fees.

A license shall not be granted to an applicant under this Chapter until the applicant has paid a non-refundable license fee as set forth in the Unified Fee Schedule. The purpose of this fee is to pay for the costs of administering and enforcing the Program regulations related to licensure that are not covered by application fees.

(H) Required Statements On Licenses.

All licenses issued by the Licensing Official must contain the signature of the owner(s) of the license. In addition, all licenses shall contain the following statements, displayed prominently on the license itself:

(1) An acknowledgement that persons engaging in cannabis business activity may be subject to prosecution under federal laws;

(2) An acknowledgment that, by accepting the license and engaging in cannabis business activities, the Licensee: (a) has released the County from any and all liability for monetary damages related to or arising from the application for a license, the issuance of the license, the enforcement of the conditions of the license, the revocation of the license, or any federal action related to the license; and (b) shall defend, indemnify and hold harmless the County and its officers, agents, and employees from and against any claim (including attorney's fees) against the County, its officers, employees or agents to attack, set aside, void or annul the approval of the license or any subsequent renewal or amendment of the license; and

(3) Any other statements deemed necessary by the Licensing Official.

**7.128.110 Cannabis cultivation licenses.**(A) License Categories.

The following categories of local cannabis cultivation licenses are created under this Section.

(1) Class CA licenses for cultivation taking place on parcels zoned CA (Commercial

Agriculture) per the Santa Cruz County Zoning Ordinance (SCCC section 13.10.311 *et seq.*).

(2) Class A licenses for cultivation taking place on parcels zoned A (Agriculture) per the Santa Cruz County Zoning Ordinance, and on parcels zoned SU (Special Use) with an underlying General Plan land use designation of “residential” or “agricultural.”

(3) Class RA licenses for cultivation taking place on parcels zoned RA (Residential Agriculture) per the Santa Cruz County Zoning Ordinance.

(4) Class C-4 licenses for cultivation taking place on parcels zoned C-4 (Commercial Services) per the Santa Cruz County Zoning Ordinance.

(5) Class M licenses for cultivation taking place on parcels zoned M-1 (Small Light Industrial), M-2 (Light Industrial), or M-3 (Mineral Extraction Industrial) per the Santa Cruz County Zoning Ordinance, or on parcels with a General Plan “Q” (Quarry) overlay designation.

(6) Class TP licenses for cultivation taking place on parcels zoned TP (Timber Production) per the Santa Cruz County Zoning Ordinance.

(B) General Eligibility Restrictions For Cultivation Licenses.

(1) In order to be eligible to apply for an original license for an existing or proposed cultivation site, the applicant must have participated in the County’s 90-day registration process carried out in 2016 (including the completion of a registration form) and must have obtained acknowledgment of registration from the Licensing Official. The Licensing Official shall reject any application for an original license by an applicant who did not participate in the County’s registration process.

(a) Exception: The registration process was and is voluntary for those persons or entities with a documented history of over 3 years of commercial farming or agricultural production unrelated to cannabis production in the CA zone district in Santa Cruz County prior to November 2016.

(b) Exception: The registration process was and is voluntary for the operator of a cultivation site granted an exemption by the Planning Director pursuant to SCCC Section 13.10.670(G) as enacted by Ordinance No. 5090 (now repealed).

(2) Cultivation licenses may only be issued to applicants who provide the Licensing Official with sufficient reliable evidence documenting that they 1) have been cultivating cannabis in Santa Cruz County since before January 2013; or 2) have been engaged in commercial farming or agricultural production unrelated to cannabis production for over 3 years in the CA zone district in Santa Cruz County prior to November 2016, and are applying for a Class CA license.

(3) Class TP Licenses will only be issued to applicants who provide sufficient evidence that cannabis was being cultivated as of November 2016 on the parcel for which they are seeking a cannabis cultivation license.

(4) No license may be issued to cultivate cannabis on a parcel unless the cultivator or cultivation manager resides in a permitted residence on the parcel. This provision does not apply to Class CA, C-4, and M License types, or certain licensed cultivation sites that are part of an approved Master Plan pursuant to section 7.128.090(E).

(5) No license may be issued to cultivate cannabis on a parcel that has active violations of the Santa Cruz County Code, including but not limited to those sections related to grading, building, zoning, environmental, or fire code violations.

(6) No license may be issued to cultivate cannabis on publicly owned land.

(C) Canopy Limits.

(1) Each licensee shall be subject to the following limits on maximum canopy, based on license class. The Licensing Official may place additional or further restrictions on canopy size to maintain consistency with other laws, agricultural uses, and neighborhood compatibility.

(a) Class CA License. Size of canopy allowed, subject to approval of the Licensing Official:

(i) For single licensees on a single parcel, up to 2.5 percent of the size of the parcel, not to exceed twenty-two thousand (22,000) square feet.

(ii) For Co-Location on parcels smaller than 20 acres, up to 5 percent of the size of the parcel, not to exceed one acre total among all licensees.

(iii) For Co-Location on parcels 20 acres or larger where cultivation takes place solely within permitted structures existing as of November 2016, canopy limits will be set by the Licensing Official. For Co-Location on parcels 20 acres or larger where cultivation requires new structural development, up to 5 percent of the size of the parcel, not to exceed two (2) acres total among all licensees.

(b) Class A License: Size of canopy allowed, subject to approval of the Licensing Official:

(i) For single licensees on a single parcel, up to 1.5 percent of the size of the parcel, not to exceed ten thousand (10,000) square feet.

(ii) For Co-Location on parcels smaller than 20 acres, up to 3 percent of the size of the parcel, not to exceed ten thousand (10,000) square feet total among all licensees.

(iii) For Co-Location on parcels 20 acres or larger, up to 1.5 percent of the size of the parcel, not to exceed twenty-two thousand (22,000) square feet among all licensees.

(c) Class RA License: Size of canopy allowed, regardless of whether the parcel is occupied by one licensee or Co-located licensees, subject to approval of the Licensing Official:

(i) Up to 1.25 percent of the size of the parcel, not to exceed five thousand one hundred (5,100) square feet on parcels between five and ten acres in size.

(ii) Up to 1.25 percent of the size of the parcel, not to exceed ten thousand (10,000) square feet on parcels larger than ten acres.

(d) Class C-4 and Class M Licenses: Size of canopy allowed, regardless of whether the parcel is occupied by one licensee or Co-located licensees, subject to approval of the Licensing Official:

(i) Not to exceed twenty-two thousand (22,000) square feet.

(ii) The cumulative total amount of garden canopy approved for licensure by all licensees under the Class C-4 and Class M Licenses shall not exceed one hundred thousand (100,000) square feet for the unincorporated area of the county. Once this amount is reached, the Licensing Official shall provide a report to the Board of Supervisors with a recommendation on whether this limitation should be adjusted.

(e) Class TP Licenses: Size of canopy allowed, regardless of whether the parcel is occupied by one licensee or Co-located licensees, subject to approval of the Licensing Official:

(i) Up to 1.25 percent of the size of the parcel, not to exceed five thousand one hundred (5,100) square feet on parcels between five and ten acres in size.

(ii) Up to 1.25 percent of the size of the parcel, not to exceed ten thousand (10,000) square feet on parcels larger than ten acres.

(iii) With a TP License, canopy may only expanded on eligible sites to the maximum size identified in (i) and (ii) above upon specific application to expand, and only if no greater than 0.25 additional acres are disturbed to accommodate the expansion and any development related to commercial operations on the site.

(f) Class SU Licenses. Size of canopy allowed, regardless of whether the site is occupied by one licensee or Co-located licensees, subject to approval of the Licensing Official:

(i) Up to 1.25 percent of the size of the parcel, not to exceed five thousand one hundred (5,100) square feet on parcels between five and ten acres in size.

(ii) Up to 1.25 percent of the size of the parcel, not to exceed ten thousand (10,000) square feet on parcels larger than ten acres.

(D) Restrictions Related To Cannabis Cultivation Operations.

- (1) Cannabis plants shall not be visible from any adjacent public right-of-way.
- (2) No lighting for cultivation purposes, except that necessary for security, shall be visible at cultivation sites from sunset to sunrise.
- (3) Occupied residences located on parcels with cultivation sites must comply with all applicable County ordinances, including but not limited to use of water, power, septic, and fire suppression.
- (4) If cannabis cultivation occurs outdoors, the growing area must be fully secured. The Licensing Official shall determine whether the area shall be enclosed within an opaque fence at least six feet in height, including a locked gate to prevent unauthorized entry, or whether no fencing, or alternative fencing, including but not limited to alternative height, material, and location, will be approved on a case-by-case basis.
- (5) Burning of cleared cannabis vegetation, excess plant material, or cannabis vegetative waste is prohibited.
- (6) Cannabis shall not be cultivated in violation of SCCC Section 7.31.030 (prohibition on cultivation of genetically engineered crops).
- (7) Employees at cultivation sites must be at least 18 years of age. Employees under the age of 21 must receive specialized training and education to be specified by the Licensing Official.
- (8) Licensees must comply with all requirements of the MAUCRSA relating to cultivation.
- (9) Licensees are prohibited from manufacturing cannabis products at a cultivation site (edibles, tinctures, rosin, salves, etc.) unless the licensee also has a local manufacturing license for that specific site.
- (10) Cannabis shall not be cultivated indoors unless all land use and building code requirements are met. Moreover, the applicant shall provide written certification from a licensed electrician that any electrical improvements associated with cultivation will comply with the California Building Codes to ensure that the growing operations can be carried out safely.
- (11) Cannabis shall not be cultivated indoors where plants or lights used for growing purposes are visible from a public right-of-way, an adjacent private right-of-way with public access, or a habitable structure.

## **7.128.130 Cannabis manufacturing licenses.**

### **(A) License Categories.**

The following categories of local cannabis manufacturing licenses are created under this Section.

- (1) Class 1: Manufacture of infused products, without engaging in any extraction activities.
- (2) Class 2: Manufacture of cannabis products involving extraction using nonvolatile solvents or no solvents. This license category may also include infusion.
- (3) Class 3: Manufacture of cannabis products with extraction using volatile solvents. This license category may also include infusion, and extraction using nonvolatile solvents or no solvents.

### **(B) Restrictions Related To Cannabis Manufacturing Operations.**

(1) Cannabis manufacturing licenses may only be issued for activities undertaken in the following zone districts, consistent with the additional limitations and approvals required by this Chapter and SCCC Chapter 13.10, as applicable: CA (Commercial Agriculture), A (Agriculture), RA (Residential Agricultural), TP (Timber Production), C-2 (Community Commercial), C-4 (Commercial Services), M-1 (Light Industrial), M-2 (Heavy Industrial), M-3 (Mineral Extraction Industrial), and SU (Special Use), including parcels with a General Plan "Q" (Quarry) overlay designation.

(2) Licenses for manufacturing activities may only be issued where the manufacturing activities are ancillary to licensed commercial cultivation on the parcel, except for in the CA, C-4, and M zone districts, and on parcels with a General Plan "Q" (Quarry) overlay designation.

(3) Multiple licensees may be Co-Located (e.g., commercial kitchen facilities, or cannabis extraction facilities) in accordance with the limits established in SCCC Chapters 7.128 and 13.10, contingent upon all licensees receiving and maintaining valid and active licenses (both local and State) for all operations, as well as any other required discretionary development permits, building permits, and other required permits.

(4) Import of cannabis material from a licensed California cultivator, manufacturer, or distributor, used to support manufacturing activity, is permitted in all zones in which manufacturing is an allowed or permitted use, subject to the limitations set forth in SCCC Chapter 13.10.

(5) No cannabis used in manufacture may be sourced from an unlicensed cultivator, manufacturer, or distributor. Licensed manufacturers may only sell their product within the State of California to other licensed cannabis businesses and may not sell product directly to consumers.

(6) The licensee must maintain at the facility complete and accurate records of all raw and/or cannabis extract source material used in manufacture processing with all source identification information, to include origin, operator/supplier name, location, address, state and local license information, and quantity of product in manufacture.

(7) The production of edible products must take place within a permitted commercial grade kitchen facility. Non-cannabis products may not be produced at the same kitchen facilities where cannabis products are produced.

(8) All cannabis products, food products, food storage facilities, food-related utensils, and equipment and materials used in the manufacture process shall be approved, used, managed, and handled in accordance with California Department of Public Health requirements. All food products and cannabis products shall be protected from contamination at all times. All food handlers must be clean, in good health, free from communicable diseases, and must obtain any food handling certification required by the State of California before handling food products.

(9) County of Santa Cruz Environmental Health officials may impose any additional restrictions or requirements as required to ensure public health, and may inspect any portion of the commercial cannabis manufacture facility at any time during normal business hours to ensure compliance with this Section.

(10) All items to be sold or distributed retail shall be packaged as required by the California Department of Public Health.

(11) All solvent-based extraction of cannabis oils, resins, or other compounds from cannabis plants, manufacture of cannabis products, and packaging of manufactured cannabis products for sale to or use by the public, shall be carried out in accordance with the provisions of the MAUCRSA, any requirements set by the California Department of Public Health, Office of Manufactured Cannabis Safety (OMCS), all requirements of this Chapter, all requirements of other applicable local and State laws, and all administrative rules and regulations promulgated by the Licensing Official. This includes, but is not limited to, compliance with all laws and regulations related to zoning and land use, environmental resources, natural resource protection, water quality, water supply, hazardous materials, pesticide use, wastewater discharge requirements, and any permit or right necessary to divert water.

(12) Class 2 and 3 licensees may only carry out chemical extractions (e.g., using CO<sub>2</sub> or volatile solvents) using a professional closed loop extraction system.

(a) The closed-loop system shall be commercially manufactured and bear a permanently affixed and visible serial number. The system shall be certified by a qualified California-licensed engineer (e.g., mechanical engineer, electrical engineer, etc.) that the system was commercially manufactured, safe for its intended use, and built to codes of recognized and generally accepted good engineering practices, such as:

- (i) The American Society of Mechanical Engineers (ASME);
- (ii) American National Standards Institute (ANSI);
- (iii) Underwriters Laboratories (UL); or
- (iv) The American Society for Testing and Materials (ASTM).

Professional closed loop systems, other equipment used, the extraction operation, and facilities must be approved for use by the local fire code and building officials and shall comply with any required fire, safety, and building code requirements related to the processing, handling and storage of the applicable solvent or gas. The certification document required shall contain the signature and stamp of the certifying engineer and the serial number of the extraction unit being certified. As part of the certification process, documents pertaining to specific material specifications, pressure, temperature thresholds, specific operating procedures, details on maintenance schedule requirements for equipment, and other related details shall be provided in a report signed and stamped by the engineer of record.

(b) All equipment associated with closed-loop systems must be properly maintained and in working order at all times. Maintenance records which reflect the certifying engineer's recommended maintenance schedule for all equipment used must be kept up to date detailing last date of inspection and upgrades carried out, and must be furnished for inspection by County officials at any time.

(c) Any employees operating closed-loop systems shall be trained on the proper use of the equipment directly by the equipment manufacturer or an authorized trainer to ensure proper use of the equipment and proper hazard response protocols in the event of equipment failure. Only trained personnel may enter an extraction room where closed-loop systems are in use.

(d) If any closed-loop system is being used to extract compounds from cannabis, clear instructions must be posted in a prominent and visible location within the facility to ensure first responders can determine the materials being used in the facility and how to disable the equipment if facility operators are impaired or unavailable to do so.

(e) The Licensing Official, Building Official, or Fire Marshal are authorized to either accept or reject the qualification of an engineer for purposes of this section.

(13) A hazard response plan shall be in place for all facilities and all employees shall be trained on emergency response protocols.

(14) Class 2 and 3 licensees shall, on an annual basis, provide the Environmental Health Department, the County Fire Marshal, and any other fire code official with locational jurisdiction, a list of hazardous material types and quantities used. This list must be kept onsite at the facility as well as be available during County inspections of the facility.

(15) No alcohol, narcotics, or cannabis may be consumed at the facility.

(a) Exception: To allow for cannabis product quality control, sampling of cannabis product made exclusively at the facility is authorized only by those who are not operating extraction, distillation, or related equipment within a 24 hour time period after sampling.

(16) No person under the age of 21 may be present on the premises of a cannabis manufacture facility.

(17) Cannabis manufacture facilities shall be inaccessible by the general public and should be fully enclosed if feasible.

(18) Class 3 extraction of cannabis and any form of Class 2 extraction methods involving CO<sub>2</sub> are strictly prohibited in the RA zone district. An exception exists in the RA zone district for Class 2 extraction, where CO<sub>2</sub> extraction may occur if all manufacturing activity occurs in a legal accessory structure.

(19) All cannabis that is being used for commercial manufacturing of cannabis products must be locked and secured at all times to prevent access by those under the age of 21, unauthorized visitors, or animals.

#### **7.128.150 Cannabis distribution licenses.**

##### **(A) License Categories.**

The following categories of local cannabis distribution licenses are created under this Section.

(1) Class 1: A Class 1 distribution license is for a licensee that also holds a local cannabis cultivation or manufacture license. A Class 1 license is for a licensee who transports their own cannabis and cannabis products from their licensed cultivation site or manufacture facility to another licensed facility, stores cannabis for State testing and transport, and carries out packaging requirements as needed. A Class 1 distribution licensee does not maintain a distribution facility separate and apart from the cultivation site or manufacturing facility and does not transport other licensees' cannabis plants or products.

(2) Class 2: A Class 2 distribution license is for a licensee who transports cannabis and cannabis products for their own or other licensed cannabis businesses, stores cannabis for State testing and transport, and carries out packaging requirements as needed. A Class 2 distribution license may only be issued to a licensee with suitable storage premises.

##### **(B) Restrictions Related To All Cannabis Distribution Operations.**

(1) Cannabis distribution licenses may only be issued by the Licensing Official for distribution activities undertaken in the following zone districts, consistent with the additional limitations and approvals required by this Chapter and SCCC Chapter 13.10, as applicable: CA (Commercial Agriculture), A (Agriculture), RA (Residential Agricultural), TP (Timber Production), C-4 (Commercial Services), M-1 (Light Industrial), M-2 (Heavy Industrial), M-3 (Mineral Extraction Industrial), and SU (Special Use), as well as parcels with a General Plan "Q" (Quarry) overlay designation.

(2) No licensee may distribute cannabis from an unlicensed cannabis cultivator or cannabis manufacturer. Licensed distributors may only distribute products between other licensed businesses within the State of California. Distributors may not sell product directly to consumers. The only exception to this is for distributors that also have a local dispensary license.

(3) The licensee must comply with all provisions of the MAUCRSA related to distribution licenses, including but not limited to all provisions of Business and Professions Code sections 26070 *et seq.*, as may be amended.

(4) Cannabis distribution facilities shall be inaccessible by the general public and shall be fully enclosed.

(5) No alcohol, narcotics, or cannabis may be consumed at the distribution facility.

(6) No person under the age of 21 may be present at a cannabis distribution facility.

**7.128.170 General requirements applicable to all non-retail commercial cannabis license types.**

(1) Cannabis may not be cultivated or manufactured within a residence, and may not be stored for distribution within a residence; use of legal accessory structures for cultivation or manufacture may be permitted in accordance with this Chapter and Chapter 13.10.

(2) Cannabis business activities require written consent from the owner of the parcel where the cannabis business activity will take place, if the applicant is not the owner of the parcel.

(3) Cannabis plants and products shall not be visible from the exterior of the parcel. In the case of cannabis manufacture and distribution, no activities within a structure should be visible from the exterior of the structure.

(4) No non-retail cannabis products may be sold directly to consumers. If a separate licensed dispensary is located on the same parcel, the manufacturing facility must maintain a separate operating area from the dispensary, as defined by the Building Official and Fire Marshal. No members of the public are allowed within the manufacturing operating area.

(5) All materials and equipment associated with a license must be stored exclusively on the parcel where the licensed activity takes place. Off-site storage facilities are prohibited.

(6) Outside of an emergency, generators may not be used as a power source.

(7) Outside of an emergency or initial filling of water storage tanks for fire-fighting purposes, water hauling is prohibited. Water hauling during an emergency or for initial filling may only be done by a State licensed water purveyor.

(8) The licensee shall not print, publish, advertise, or disseminate in any way or by any means of communication, or cause to be printed, published, advertised, or disseminated in any way or by any means of communication, any notice or advertisement that includes the following information: pricing of products, details regarding specific cannabis products, or cannabis photography or graphics related to the cannabis plant or cannabis products.

(a) Notwithstanding the limitations imposed by this subsection, a licensee may provide the following: an entry in the telephone directory with the name, location, and

phone number of the facility; or signage as permitted by this section. Such directory entry or signage may identify the business as a (e.g., “cannabis product manufacturing facility”) but shall not include pricing of cannabis, details regarding specific cannabis products, or cannabis photography or graphics related to the cannabis plant or cannabis products.

(9) The licensee shall not post at the facility any signage other than one identification sign stating the facility name, address, and hours of operation. Any sign posted under this section shall not exceed six square feet in area, shall not be directly illuminated, shall not contain graphics identifying cannabis, and must comply with all existing County regulations and restrictions regarding signs. Signage is not permitted in the RA zone district.

(10) Licensees must utilize energy efficient cultivation methods.

(11) Licensees shall implement the following transportation demand management measures to the maximum extent feasible: provide carpool, shuttle, mini bus, or van service for employees, especially during harvest periods; provide bicycle storage and parking facilities; provide incentives for employees to rideshare or take public transportation; and implement compressed or flexible work schedules to reduce the number of days per week that employees are traveling to the site.

(12) Licensees must comply with all applicable requirements of County, State, and federal regulations pertaining to worker safety and to storage and use of hazardous materials. Licensees storing or handling hazardous materials, as defined by SCCC Section 7.100.020, or of any amount of an acutely hazardous substance, as defined by State or federal law, shall obtain all required permits from the County Environmental Health Department.

(13) Cannabis-related solid waste must be composted, processed, or disposed of at solid waste facilities permitted to receive that type of solid waste, subject to County, State and federal regulations. Disposal of hazardous and chemical waste must be conducted in a manner consistent with County, State, and federal laws pertaining to the proper disposal of related materials.

(14) Licensees must comply with all applicable requirements of County, State, and federal laws and regulations, including environmental and water regulations related to storm water management and fertilizer, pesticide, herbicide, and rodenticide storage and use.

(15) Subject to review and approval of the Licensing Official, licensees are required to develop and maintain an adequate security plan, which is intended to prevent unauthorized diversion of cannabis material and to protect the health, safety, and welfare of workers and the general public. This includes security measures sufficient to restrict access to only those intended and to deter trespass and theft of cannabis or cannabis products.

(a) Security requirements must comply with applicable Non-retail Commercial Cannabis Business Best Management and Operational Practices requirements.

(i) No razor wire fencing is permitted.

(ii) All manufacture and distribution facility windows shall have security bars installed to the extent allowed under the Building Code, and unless existing exterior security bars are in place, a facility shall only affix bars to the inside of a facility for the purpose of reducing visual impacts.

(iii) All loading and unloading of cannabis products or value added products shall occur behind locked gates, and/or inside a secured facility, and/or in the presence of trained security personnel.

(iv) The facility shall provide adequate security precautions at all times, including locking and securing the facility to prevent theft or access to minors. The facility must be closed to the general public and only authorized personnel may be present onsite.

(v) Doors and windows of facilities shall remain closed, except for the minimum length of time needed to allow people to ingress or egress the building.

(16) All activities that generate emissions from extraction processes must obtain permits from the Monterey Bay Unified Air Pollution Control District, as applicable.

(17) Aside from outdoor cultivation sites, all facilities where cannabis product is located must use a commercial air scrubbing or filtration system sufficient to prevent the odors associated with business operations from escaping the facility where cannabis products are grown, processed, or stored. In order to mitigate odors, all facilities shall be equipped with a mechanical source capture system. Source capture systems shall comply with all local laws. In-line exhaust filtration may include a carbon filtration capture system or other equivalent filtration apparatus approved by the Building Official. Source capture system apparatus shall be maintained in proper working order.

(18) No portion of the facility shall be illuminated between the hours of 10:00 p.m. and 8:00 a.m. by lighting that is visible from the exterior of the facility, except such lighting as is reasonably utilized for the security of the facility. All exterior lighting should be downward directional and hooded so as not to cast light off the property onto neighboring properties or skyward.

(19) The facility must provide litter and graffiti removal services for the business premises on a daily basis.

(20) All noise from business activity shall conform to applicable General Plan Noise Element policies and standards and is also subject to SCCC Chapter 8.30, Noise Regulations.

#### **7.128.170 Denial or revocation of license; remedies.**

(A) The Licensing Official may deny an application for an original or renewal license, or revoke an original or renewal license, for any of the following reasons:

(1) Discovery of untrue statements submitted on a license application.

(2) Revocation or suspension of any State license required to engage in commercial cannabis business activities.

(3) Previous violation by the applicant, or violation by the licensee, of any provision of the Santa Cruz County Code or State law related to the cultivation of cannabis, the manufacture of cannabis products, or the distribution of cannabis or cannabis products, including any land use permit conditions associated with the licensee's business operations.

(4) Failure of the background check conducted by the Licensing Official, including the applicant's most recent Live Scan report. A failed Live Scan is a Live Scan report that includes any felony conviction within the past 10 years and/or reflects that the applicant is currently on parole or probation related to a felony conviction. Felony convictions for cannabis-related offenses prior to June 1, 2013 will not result in a failed Live Scan, unless the offense involved sales to a minor.

(5) Failure to meet any of the general eligibility requirements to obtain a license as set forth in this Chapter.

(6) Violation of, or the failure or inability to comply with, any of the restrictions or requirements for the issuance of a license or conducting business operations as set forth in this Chapter, including any administrative rules or regulations promulgated by the Licensing Official or any conditions associated with the issuance of the license or any associated land use permit or other permit.

(7) Violation of, or failure to comply with, any land use or other permit requirements associated with the licensee's commercial cannabis business activities, including but not limited to zoning, building, and agricultural permits as may be required for the activity and the operations site.

(8) Violation of, or failure to comply with, any State or local law in conducting business operations, including any laws associated with the MAUCRSA.

(9) Allowance of any person younger than 18 years of age to enter a cultivation, manufacturing, or distribution facility without a parent or legal guardian.

(10) Failure to contain all irrigation run-off, fertilizer, pesticides, and contaminants on-site.

(11) Failure to allow unannounced inspections of the premises and business operations by the Licensing Official, Building Official, Fire Marshal, or law enforcement at any time, without notice.

(12) Failure to timely pay any local, State, or federal tax associated with or required by the licensee's cannabis business activities, including any taxes required to be paid under Santa Cruz County Code section 4.06 (Cannabis Business Tax).

(13) Three or more citations for violation of SCCC Chapter 8.30 (Noise) within a single year.

(14) Possession, storage, or use of any firearm on a parcel where commercial cannabis business activities take place.

(15) Creation or maintenance of a public nuisance.

(16) Conviction of a criminal offense that would justify denial of a license.

(17) Failure to post and maintain at the cultivation site, manufacture facility, or distribution facility in a prominent location a copy of the local license(s) issued pursuant to this section and a copy of any State license(s) required for the activity.

(18) Failure to fully cooperate with a financial audit by the County of Santa Cruz of any and all aspects of the licensee's business, including but not limited to on-site inspection and review of financial transactions, sales records, payroll and employee records, purchase orders, overhead expense records, shipping logs, receiving logs, waste disposal logs, bank statements, credit card processing statements, inventory records, tax records, lease agreements, supplier lists, supplier agreements, policies and procedures, and examination of all financial books and records held by the licensee in the normal course of business.

(B) The Licensing Official's denial of any type of license application (original, renewal, or amendment) or revocation of a license is a final action that is not subject to any further administrative remedy. The only legal remedy available to appeal the Licensing Official's action is to file a petition for writ of mandate in the superior court under California Code of Civil Procedure section 1085. If an application for an original or renewal license is denied, or if a license is revoked, all commercial cannabis cultivation on the parcel shall cease immediately, subject to the Licensing Official's discretion to allow operations to continue for a brief period of time to complete miscellaneous wind-down operations.

(C) Under no circumstances shall a cause of action for monetary damages be allowed against the County of Santa Cruz, the Licensing Official, or any County official or employee as a result of a denial or a revocation of a license. By applying for a license, the applicant and owners associated with a non-retail commercial cannabis business waive any and all claims for monetary damages against the County, the Licensing Official, and all other officials and employees of the County of Santa Cruz that may be associated with the denial or revocation of a license.

#### **7.128.190 Enforcement.**

(A) In addition to the authority of the Licensing Official to revoke any license pursuant to this Chapter, the Licensing Official may also elect to pursue one or more of those alternatives set forth in section 19.01.030(A) of this Code. It shall be a separate offense for each and every day during any portion of which any violation of, or failure to comply with, any provision of this Chapter is committed, continued or permitted.

(B) Notwithstanding the limitations on civil penalties set forth in SCCC Section 1.12.070(A)(2), civil penalties for violation of Chapter 7.128 shall be assessed as follows:

(1) A fine not exceeding \$2,500 for a first violation.

(2) A fine not exceeding \$5,000 for a second violation of the same County Code provision within one year.

(3) A fine not exceeding \$7,500 for each additional violation of the same County Code provision within one year.

(C) Whenever a Notice of Violation is issued by the Licensing Official under section 1.12.070 for violation of a provision of this Chapter, the violator shall be provided with seven (7) calendar days from notice of the violation to correct the violation before the imposition of civil penalties are assessed under section 1.12.070(D)(2)(a) of this Code.

(D) The unlicensed cultivation, manufacture, or distribution of cannabis constitutes a public nuisance which poses an immediate threat to public health and safety. Where feasible and consistent with the press of business and available resources, the Licensing Official shall use the summary abatement procedures set forth in SCCC Section 1.14.025 to abate nuisances related to the unlicensed cultivation, manufacture, or distribution of cannabis. If the person responsible for the unlicensed cannabis business activity or occupying the premises refuses to accept service of any notice related to the summary abatement procedure, or if the premises is unoccupied at the time service is attempted, notice is deemed appropriately given when it is posted in a conspicuous place on the real property containing the nuisance. Anyone filing an administrative appeal of a summary abatement order shall pay a fee as set forth in the Unified Fee Schedule.

#### **7.128.210 No duty to enforce.**

Nothing in this chapter shall be construed as imposing on the Licensing Official or the County of Santa Cruz any duty to issue a Notice of Violation, nor to abate any unlawful cannabis business activity, nor to take any other action with regard to any unlawful cannabis business activity, and neither the enforcing officer nor the County shall be held liable for failure to issue an order to abate any unlawful cannabis business activity, nor for failure to abate any unlawful cannabis business activity, nor for failure to take any other action with regard to any unlawful cannabis business activity.

### **SECTION III**

This ordinance is not subject to the California Environmental Quality Act (CEQA) pursuant to Business and Professions Code Section 26055(h). That section states that Division 13 of the Public Resources Code does not apply to the adoption of an ordinance that requires discretionary review and approval of permits, licenses, or other authorizations to engage in commercial cannabis activity if such discretionary review will include any applicable environmental review required under Division 13.

### **SECTION IV**

Should any section, clause, or provision of this Ordinance be declared by the courts to be invalid, the same shall not affect the validity of the Ordinance as a whole, or parts thereof, other than the part so declared to be invalid.

## SECTION V

This ordinance shall take effect on the 31<sup>st</sup> day after the date of final passage.

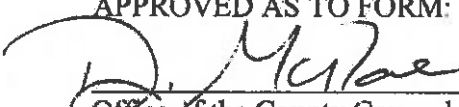
PASSED AND ADOPTED this \_\_\_ day of \_\_\_\_\_ 2018, by the Board of Supervisors of the County of Santa Cruz by the following vote:

AYES: SUPERVISORS  
 NOES: SUPERVISORS  
 ABSENT: SUPERVISORS  
 ABSTAIN: SUPERVISORS

\_\_\_\_\_  
 Chairperson of the  
 Board of Supervisors

Attest: \_\_\_\_\_  
 Clerk of the Board

APPROVED AS TO FORM:

  
 Office of the County Counsel

cc: County Administrative Office  
 Planning Director  
 Sheriff's Office

Attachment: Proposed Ordinance, Chapter 7.128 (Cannabis Regulations)

## ORDINANCE NO. \_\_

### ORDINANCE AMENDING SECTIONS 13.10.700-C, 13.10.312, 13.10.322, 13.10.332, 13.10.342, 13.10.372, 13.10.382 AND 16.01.020 OF AND ADDING SECTION 13.10.650 TO THE SANTA CRUZ COUNTY CODE, RELATING TO NON-RETAIL COMMERCIAL CANNABIS USES

The Board of Supervisors of the County of Santa Cruz ordains as follows:

#### SECTION I

The Santa Cruz County Code is hereby amended by adding the following definitions to Section 13.10.700-C, "C" definitions:

"Cannabis Cultivation (commercial)" means any activity involving the planting, growing, developing, propagating, harvesting, drying, curing, grading, trimming, packaging, or storage of one or more cannabis plants, as defined in SCCC Section 7.128.030, or any part thereof in any location, indoor or outdoor, including within a fully enclosed and secure building, subject to all applicable requirements of SCCC Chapter 7.128.

"Cannabis Distribution" means the activity of storing and/ or transporting cannabis or cannabis products between licensed entities, and any ancillary activity, such as packaging or labeling products, that is conducted in association with the distribution activity, as defined in SCCC Section 7.128.130, subject to all applicable requirements of SCCC Chapter 7.128.

"Cannabis Manufacture (commercial)" means the production, preparation, propagation, or compounding of manufactured cannabis products either directly or indirectly, or by extraction methods, independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis, at a fixed location that may also package or repackage cannabis in conjunction with cannabis manufacture activity, as defined in SCCC Section 7.128.030, subject to all applicable requirements of SCCC Chapter 7.128.

#### SECTION II

Section 13.10.312(B) of the Santa Cruz County Code shall be amended to add the following to the agricultural use chart:

| USE                                                                                 | CA | A | AP |
|-------------------------------------------------------------------------------------|----|---|----|
| <b>Cannabis Cultivation (commercial) (subject to Section 13.10.650)<sup>†</sup></b> |    |   | —  |
| Indoor cultivation (existing legal structure, other than greenhouse)                | 3  | 3 | —  |

| USE                                                                                               | CA | A | AP |
|---------------------------------------------------------------------------------------------------|----|---|----|
| New indoor cultivation structure (other than greenhouse)                                          |    |   | —  |
| Outside Coastal Zone and 1-mile buffer                                                            |    |   |    |
| 0-2,000 square feet                                                                               | 3  | 3 | —  |
| > 2,000 square feet                                                                               | 5  | 5 | —  |
| Inside Coastal Zone + 1 mile                                                                      | —  | — | —  |
| Greenhouse (existing legal), conversion, replacement,<br>reconstruction, or structural alteration |    |   |    |
| 0-20,000 square feet                                                                              | 3  | 3 | —  |
| > 20,000 square feet                                                                              | 5  | 5 | —  |
| Greenhouse (new)                                                                                  |    |   |    |
| Outside Coastal Zone and 1-mile buffer                                                            |    |   |    |
| 0-20,000 square feet                                                                              | 3  | 3 | —  |
| > 20,000 square feet                                                                              | 5  | — | —  |
| Inside Coastal Zone + 1 mile                                                                      | —  | — | —  |
| Outdoor cultivation (or existing legal hoop house)                                                |    |   |    |
| Outside Coastal Zone and 1-mile buffer                                                            | 3  | 3 | —  |
| Inside Coastal Zone + 1 mile                                                                      | 4  | 4 | —  |
| Hoop house (new)                                                                                  |    |   |    |
| Outside Coastal Zone and 1-mile buffer                                                            |    |   |    |
| 0-2,000 square feet                                                                               | 3  | 3 | —  |
| > 2,000 square feet                                                                               | 3  | 4 | —  |
| Inside Coastal Zone + 1 mile                                                                      | 4  | 4 | —  |
| Water tank (accessory to cannabis use)                                                            | 3  | 3 | —  |

| USE                                                                        | CA | A                | AP |
|----------------------------------------------------------------------------|----|------------------|----|
| <b>Cannabis Manufacturing (commercial) (subject to 13.10.650)†</b>         |    |                  |    |
| <b>Classes 1-2*****</b>                                                    |    |                  |    |
| Outside Coastal Zone and 1-mile buffer,<br>new or existing legal structure |    |                  |    |
| 0-2000 square feet                                                         |    |                  |    |
| Over 5 acre parcel                                                         | 3  | 3/5 <sup>+</sup> | —  |
| 2.5-5 acre parcel                                                          | 3  | 5                | —  |
| Less than 2.5 acre parcel                                                  | 3  | 5                | —  |
| > 2000 square feet                                                         |    |                  |    |
| 5 acre or greater parcel                                                   | 4  | 4/5 <sup>+</sup> | —  |
| Less than 5 acre parcel                                                    | 4  | 5                | —  |
| Inside Coastal Zone + 1 mile, existing legal structure                     |    |                  |    |
| 0-2000 square feet                                                         | 3  | 3/5 <sup>+</sup> |    |
| > 2000 square feet                                                         | 5  | 5                | —  |
| <b>Class 3</b>                                                             |    |                  |    |
| Outside Coastal Zone and 1-mile buffer,<br>new or existing legal structure | 4  | —                | —  |
| Inside Coastal Zone +1 mile, existing legal structure                      |    |                  |    |
| 0-2000 square feet                                                         | 4  | —                | —  |
| > 2000 square feet                                                         | 5  | —                | —  |

Attachment: Proposed Ordinance, Chapter 13.10 (Cannabis Regulations)

| USE                                                                     | CA | A | AP |
|-------------------------------------------------------------------------|----|---|----|
| <b>Cannabis Distribution (subject to 13.10.650)<sup>†</sup></b>         |    |   |    |
| <b>Class 1****</b>                                                      |    |   |    |
| Outside Coastal Zone and 1-mile buffer, new or existing legal structure |    |   |    |
| 0-2000 square feet                                                      | 3  | 3 | —  |
| > 2000 square feet                                                      | 5  | 5 | —  |
| Inside Coastal Zone + 1-mile, existing legal structure                  |    |   |    |
| 0-2000 square feet                                                      | 3  | 3 | —  |
| > 2000 square feet                                                      | 5  | 5 | —  |
| <b>Class 2, existing legal structure</b>                                |    |   |    |
| Outside Coastal Zone and 1-mile buffer                                  | 3  | — | —  |
| Inside Coastal Zone + 1-mile                                            | 5  |   |    |

<sup>†</sup> With a license appropriate for zoning classification pursuant to SCCC Chapter 7.128. No new non-retail commercial cannabis structures (excluding hoop houses, defined as agricultural shade structures exempt from building permits pursuant to SCCC 12.10.315) may be permitted in the Coastal Zone and 1-mile buffer.

\* Level 5 approval required if manufacturing activity involves cannabis imported from offsite or employees (not including the owner).

\*\*\*\* Cannabis manufacturing and distribution uses must be ancillary to on-site commercial cannabis cultivation in the A zone district.

### SECTION III

Section 13.10.322 (B) of the Santa Cruz County Code shall be amended to add the following to the residential use chart:

| USE                                                                         | RA | RR | R-1 | RB | RM |
|-----------------------------------------------------------------------------|----|----|-----|----|----|
| <b>Cannabis Cultivation (commercial) (subject to 13.10.650)<sup>†</sup></b> |    |    |     |    |    |
| Indoor Cultivation (existing legal structure, other than greenhouse)        |    |    |     |    |    |
| Outside Coastal Zone and 1 mile buffer                                      |    |    |     |    |    |
| 0-500 square feet                                                           | 3  | —  | —   | —  | —  |
| > 500 square feet                                                           | 4  | —  | —   | —  | —  |
| Inside Coastal Zone +1 mile                                                 | —  | —  | —   | —  | —  |

| USE                                                                                           | RA | RR | R-1 | RB | RM |
|-----------------------------------------------------------------------------------------------|----|----|-----|----|----|
| New indoor cultivation structure (other than greenhouse)                                      |    |    |     |    |    |
| Outside Coastal Zone and 1-mile buffer                                                        |    |    |     |    |    |
| < 500 square feet                                                                             | 3  | —  | —   | —  | —  |
| 500-2,000 square feet                                                                         | 4  | —  | —   | —  | —  |
| > 2,000 square feet                                                                           | 5  | —  | —   | —  | —  |
| Inside Coastal Zone + 1 mile                                                                  | —  | —  | —   | —  | —  |
| Greenhouse (existing legal), conversion, replacement, reconstruction or structural alteration |    |    |     |    |    |
| USE                                                                                           | RA | RR | R-1 | RB | RM |
| Outside Coastal Zone and 1 mile buffer                                                        |    |    |     |    |    |
| 0-500 square feet                                                                             | 3  | —  | —   | —  | —  |
| > 500 square feet                                                                             | 4  | —  | —   | —  | —  |
| Inside Coastal Zone +1 mile                                                                   | —  | —  | —   | —  | —  |
| Greenhouse (new)                                                                              |    |    |     |    |    |
| Outside Coastal Zone and 1-mile buffer                                                        |    |    |     |    |    |
| < 500 square feet                                                                             | 3  | —  | —   | —  | —  |
| 500-2,000 square feet                                                                         | 4  | —  | —   | —  | —  |
| > 2,000 square feet                                                                           | 5  | —  | —   | —  | —  |
| Inside Coastal Zone + 1 mile                                                                  | —  | —  | —   | —  | —  |
| Outdoor cultivation (or existing hoop house)                                                  |    |    |     |    |    |
| Outside Coastal Zone and 1 mile buffer                                                        |    |    |     |    |    |
| 0-500 square feet                                                                             | 3  | —  | —   | —  | —  |
| > 500 square feet                                                                             | 4  | —  | —   | —  | —  |
| Inside Coastal Zone +1 mile                                                                   | —  | —  | —   | —  | —  |
| Hoop house (new)                                                                              |    |    |     |    |    |
| Outside Coastal Zone and 1-mile buffer                                                        |    |    |     |    |    |
| < 500 square feet                                                                             | 3  | —  | —   | —  | —  |
| 500-2,000 square feet                                                                         | 4  | —  | —   | —  | —  |

|                                                                                                                                     |           |           |            |           |           |
|-------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------|------------|-----------|-----------|
| > 2,000 square feet                                                                                                                 | 5         | —         | —          | —         | —         |
| Inside Coastal Zone +1 mile                                                                                                         | —         | —         | —          | —         | —         |
| Water tank (accessory to cultivation)                                                                                               | 3         | —         | —          | —         | —         |
| <b>USE</b>                                                                                                                          | <b>RA</b> | <b>RR</b> | <b>R-1</b> | <b>RB</b> | <b>RM</b> |
| <b>Cannabis Manufacturing (commercial) (subject to 13.10.650), ancillary to on-site commercial cannabis cultivation<sup>F</sup></b> |           |           |            |           |           |
| <b>Classes 1-2</b>                                                                                                                  |           |           |            |           |           |
| Outside Coastal Zone and 1-mile buffer, new or existing legal structure                                                             |           |           |            |           |           |
| < 2000 square feet                                                                                                                  |           |           |            |           |           |
| 0 employees (not including owner)                                                                                                   | 3/5**     | —         | —          | —         | —         |
| 1-5 employees (not including owner)                                                                                                 | 5         | —         | —          | —         | —         |
| 2000 or greater square feet                                                                                                         |           |           |            |           |           |
| 0 employees (not including owner)                                                                                                   | 5         | —         | —          | —         | —         |
| 1-5 employees (not including owner)                                                                                                 | 5         | —         | —          | —         | —         |
| Inside Coastal Zone + 1 mile, existing legal structure                                                                              |           |           |            |           |           |
| < 2000 square feet                                                                                                                  |           |           |            |           |           |
| 0 employees (not including owner)                                                                                                   | 3/5**     | —         | —          | —         | —         |
| 1-5 employees (not including owner)                                                                                                 | 5         | —         | —          | —         | —         |
| 2000 or greater square feet                                                                                                         |           |           |            |           |           |
| 0 employees (not including owner)                                                                                                   | 5         | —         | —          | —         | —         |
| 1-5 employees (not including owner)                                                                                                 | 5         | —         | —          | —         | —         |
| <b>Class 3</b>                                                                                                                      | —         | —         | —          | —         | —         |

| USE                                                                                                                   | RA | RR | R-1 | RB | RM |
|-----------------------------------------------------------------------------------------------------------------------|----|----|-----|----|----|
| <b>Cannabis Distribution (subject to 13.10.650), ancillary to on-site commercial cannabis cultivation<sup>‡</sup></b> |    |    |     |    |    |
| <b>Class 1</b>                                                                                                        |    |    |     |    |    |
| Outside Coastal zone and 1-mile buffer, new or existing legal structure                                               |    |    |     |    |    |
| 0-2000 square feet                                                                                                    | 3  | —  | —   | —  | —  |
| > 2000 square feet                                                                                                    | 5  | —  | —   | —  | —  |
| Inside Coastal zone + 1 mile, existing legal structure                                                                |    |    |     |    |    |
|                                                                                                                       | 3  | —  | —   | —  | —  |
| <b>Class 2</b>                                                                                                        |    |    |     |    |    |
|                                                                                                                       | —  | —  | —   | —  | —  |

<sup>‡</sup>With a license appropriate for zoning classification pursuant to SCCC Chapter 7.128. No new non-retail commercial cannabis structures (excluding hoop houses, defined as agricultural shade structures exempt from building permits pursuant to SCCC 12.10.315) may be permitted in the Coastal Zone and 1-mile buffer.

\*\*Level 5 approval required if manufacturing activity involves cannabis imported from offsite.

## SECTION IV

Section 13.10.332(B) of the Santa Cruz County Code shall be amended to add the following to the commercial use chart:

| USE                                                                         | PA | VA | CT | C-1 | C-2 | C-4 |
|-----------------------------------------------------------------------------|----|----|----|-----|-----|-----|
| <b>Cannabis Cultivation (commercial) (subject to 13.10.650)<sup>‡</sup></b> |    |    |    |     |     |     |
| Indoor cultivation (existing legal structure other than greenhouse)         |    |    |    |     |     |     |
| < 5,000 square feet                                                         | —  | —  | —  | —   | —   | 4   |
| 5,000 to 20,000 square feet                                                 | —  | —  | —  | —   | —   | 5   |
| > 20,000 square feet                                                        | —  | —  | —  | —   | —   | 6   |
| New indoor cultivation structure (other than greenhouse)                    |    |    |    |     |     |     |
| Outside Coastal Zone and 1-mile buffer                                      |    |    |    |     |     |     |
| < 5,000 square feet                                                         | —  | —  | —  | —   | —   | 4   |
| 5,000 to 20,000 square feet                                                 | —  | —  | —  | —   | —   | 5   |
| > 20,000 square feet                                                        | —  | —  | —  | —   | —   | 6   |
| Inside Coastal Zone + 1 mile                                                | —  | —  | —  | —   | —   | —   |

| USE                                                                                           | PA | VA | CT | C-1 | C-2 | C-4 |
|-----------------------------------------------------------------------------------------------|----|----|----|-----|-----|-----|
| Greenhouse (existing legal), conversion, replacement, reconstruction or structural alteration |    |    |    |     |     |     |
| < 5,000 square feet                                                                           | —  | —  | —  | —   | —   | 4   |
| 5,000 to 20,000 square feet                                                                   | —  | —  | —  | —   | —   | 5   |
| > 20,000 square feet                                                                          | —  | —  | —  | —   | —   | 6   |
| Greenhouse (new)                                                                              |    |    |    |     |     |     |
| Outside Coastal Zone and 1-mile buffer                                                        |    |    |    |     |     |     |
| < 5,000 square feet                                                                           | —  | —  | —  | —   | —   | 4   |
| 5,000 to 20,000 square feet                                                                   | —  | —  | —  | —   | —   | 5   |
| > 20,000 square feet                                                                          | —  | —  | —  | —   | —   | 6   |
| Inside Coastal Zone + 1 mile                                                                  | —  | —  | —  | —   | —   | —   |
| Water tank (accessory to cannabis use)                                                        | —  | —  | —  | —   | —   | 3   |
| Outdoor cultivation                                                                           | —  | —  | —  | —   | —   | —   |
| Hoop house cultivation                                                                        | —  | —  | —  | —   | —   | —   |

| USE                                                                           | PA | VA | CT | C-1 | C-2 | C-4 |
|-------------------------------------------------------------------------------|----|----|----|-----|-----|-----|
| <b>Cannabis Manufacturing (commercial) (subject to 13.10.650)<sup>†</sup></b> |    |    |    |     |     |     |
| Classes 1-2                                                                   |    |    |    |     |     |     |
| Outside Coastal Zone and 1-mile buffer, new or existing legal structure       |    |    |    |     |     |     |
| < 2000 square feet                                                            | —  | —  | —  | —   | 4** | 4   |
| 2000-20,000 square feet                                                       | —  | —  | —  | —   | 5** | 5   |
| > 20,000 square feet                                                          | —  | —  | —  | —   | 6** | 6   |
| Inside Coastal Zone + 1 mile, existing legal structure                        |    |    |    |     |     |     |
| < 2000 square feet                                                            | —  | —  | —  | —   | 4** | 4   |
| 2000-20,000 square feet                                                       | —  | —  | —  | —   | 5** | 5   |
| > 20,000 square feet                                                          | —  | —  | —  | —   | 6** | 6   |

| USE | PA | VA | CT | C-1 | C-2 | C-4 |
|-----|----|----|----|-----|-----|-----|
|-----|----|----|----|-----|-----|-----|

## Class 3

Outside Coastal Zone and 1-mile buffer, new or existing legal structure

< 2000 square feet \_\_\_\_\_ 4

2000-20,000 square feet \_\_\_\_\_ 5

> 20,000 square feet \_\_\_\_\_ 6

Inside Coastal Zone + 1 mile, existing legal structure

< 2000 square feet \_\_\_\_\_ 4

2000-20,000 square feet \_\_\_\_\_ 5

> 20,000 square feet \_\_\_\_\_ 6

| USE | PA | VA | CT | C-1 | C-2 | C-4 |
|-----|----|----|----|-----|-----|-----|
|-----|----|----|----|-----|-----|-----|

Cannabis Distribution (subject to 13.10.650)<sup>†</sup>

## Class 1

Outside Coastal Zone and 1-mile buffer

New structure

0-2000 square feet \_\_\_\_\_ 3

> 2000 square feet \_\_\_\_\_ 5

Existing legal structure \_\_\_\_\_ 3\*\* 3

Inside Coastal Zone + 1 mile, existing legal structure

\_\_\_\_\_ 3\*\* 3

## Class 2

Outside Coastal Zone and 1-mile buffer, new or existing legal structure

\_\_\_\_\_ 4/5/6\* \*\* 4/5/6\*

Inside Coastal Zone + 1 mile, existing legal structure

\_\_\_\_\_ 4/5/6\* \*\* 4/5/6\*

<sup>†</sup> With a license appropriate for zoning classification pursuant to SCCC Chapter 7.128. No new non-retail commercial cannabis structures (excluding hoop houses, defined as agricultural shade structures exempt from building permits pursuant to SCCC 12.10.315) may be permitted in the Coastal Zone and 1-mile buffer.

\*\*Only in conjunction with a licensed dispensary.

## SECTION V

Section 13.10.342 (B) of the Santa Cruz County Code shall be amended to add the following to the industrial use chart:

| USE                                                                                           | M-1 | M-2 | M-3 |
|-----------------------------------------------------------------------------------------------|-----|-----|-----|
| <b>Cannabis Cultivation (subject to 13.10.650)*</b>                                           |     |     |     |
| Indoor cultivation (existing legal structure, other than greenhouse)                          |     |     |     |
| 0-10,000 square feet                                                                          | 3   | 3   | 3   |
| > 10,000 square feet                                                                          | 4   | 4   | 4   |
| New indoor cultivation structure (other than greenhouse)                                      |     |     |     |
| Outside Coastal Zone and 1 mile buffer                                                        |     |     |     |
| Up to 2,000 square feet                                                                       | 4   | 4   | 4   |
| 2,000 to 20,000 square feet                                                                   | 5   | 5   | 5   |
| > 20,000 square feet                                                                          | 6   | 6   | 6   |
| Inside Coastal Zone + 1 mile                                                                  | —   | —   | 5   |
| Greenhouse (existing legal), conversion, replacement, reconstruction or structural alteration |     |     |     |
| 0- 10,000 square feet                                                                         | 3   | 3   | 3   |
| > 10,000 square feet                                                                          | 4   | 4   | 4   |
| Greenhouse (new)                                                                              |     |     |     |
| Outside Coastal Zone and 1 mile buffer                                                        |     |     |     |
| < 2,000 square feet                                                                           | 4   | 4   | 4   |
| 2,000- 20,000 square feet                                                                     | 5   | 5   | 5   |
| > 20,000 square feet                                                                          | 6   | 6   | 6   |
| Inside Coastal Zone + 1 mile                                                                  | —   | —   | 5   |
| Water tank (accessory to cannabis use)                                                        | 3   | 3   | 3   |
| Outdoor cultivation (or new or existing hoop house)                                           | —   | —   | 5** |

Attachment: Proposed Ordinance, Chapter 13.10 (Cannabis Regulations)

| USE                                                                     | M-1        | M-2        | M-3        |
|-------------------------------------------------------------------------|------------|------------|------------|
| <b>Cannabis Manufacturing (subject to 13.10.650)<sup>†</sup></b>        |            |            |            |
| Classes 1-3                                                             |            |            |            |
| Outside Coastal Zone and 1-mile buffer, new or existing legal structure |            |            |            |
| < 2000 square feet                                                      | 4          | 4          | 3          |
| 2000-20,000 square feet                                                 | 5          | 5          | 3          |
| Over 20,000 square feet                                                 | 6          | 6          | 3          |
| Inside Coastal Zone and 1-mile buffer, existing legal structure         |            |            |            |
| < 2000 square feet                                                      | 4          | 4          | 4          |
| 2000-20,000 square feet                                                 | 5          | 5          | 4          |
| Over 20,000 square feet                                                 | 6          | 6          | 5          |
| <b>USE</b>                                                              | <b>M-1</b> | <b>M-2</b> | <b>M-3</b> |
| <b>Cannabis Distribution (subject to 13.10.650)<sup>†</sup></b>         |            |            |            |
| Class 1                                                                 |            |            |            |
| Outside Coastal Zone and 1-mile buffer                                  |            |            |            |
| Existing legal structure                                                | 3          | 3          | 3          |
| New structure                                                           | 4/5/6*     | 4/5/6*     | 4/5/6*     |
| Inside Coastal Zone and 1-mile Buffer                                   |            |            |            |
| Existing legal structure                                                | 4/5/6*     | 4/5/6*     | 4/5/6*     |
| New structure                                                           | —          | —          | 4/5/6*     |
| Class 2                                                                 |            |            |            |
| Outside Coastal Zone and 1-mile buffer, new or existing legal structure |            |            |            |
|                                                                         | 4/5/6*     | 4/5/6*     | 4/5/6*     |
| Inside Coastal Zone and 1-mile buffer, existing legal structure         |            |            |            |
|                                                                         | 4/5/6*     | 4/5/6*     | 4/5/6*     |

‡ With a license appropriate for zoning classification pursuant to SCCC Chapter 7.128. Except in the M-3 zone district, no new non-retail commercial cannabis structures may be permitted in the Coastal Zone and 1-mile buffer.

\*\*Outdoor or hoop house cultivation may be permitted only in conjunction with adoption or amendment of a reclamation plan.

## SECTION VI

Section 13.10.372 of the Santa Cruz County Code shall be amended to add the following to the Timber Production (TP) use chart:

| USE                                                                                           | TP |
|-----------------------------------------------------------------------------------------------|----|
| <b>Cannabis Cultivation (commercial) (subject to 13.10.650)‡</b>                              |    |
| Indoor cultivation (existing legal structure, other than greenhouse)                          |    |
| Outside Coastal Zone and 1 mile buffer                                                        | 3  |
| Inside Coastal Zone + 1 mile                                                                  | —  |
| New indoor cultivation structure (not greenhouse)                                             |    |
| Outside Coastal Zone and 1 mile buffer                                                        | 5  |
| Inside Coastal Zone + 1 mile                                                                  | —  |
| Greenhouse (existing legal), conversion, replacement, reconstruction or structural alteration |    |
| Outside Coastal Zone and 1 mile buffer                                                        | 3  |
| Inside Coastal Zone + 1 mile                                                                  | —  |
| Greenhouse (new)                                                                              |    |
| Outside Coastal Zone and 1 mile buffer                                                        | 5  |
| Inside Coastal Zone + 1 mile                                                                  | —  |
| Outdoor cultivation (or existing hoop house)                                                  |    |
| Outside Coastal Zone and 1 mile buffer                                                        |    |
| 0-500 square feet                                                                             | 3  |
| > 500 square feet                                                                             | 4  |
| Inside Coastal Zone + 1 mile                                                                  | —  |
| Hoop house (new)                                                                              |    |
| Outside Coastal Zone and 1-mile buffer                                                        |    |
| 0-2,000 square feet                                                                           | 3  |

Attachment: Proposed Ordinance, Chapter 13.10 (Cannabis Regulations)

|                                                                                                                            |           |
|----------------------------------------------------------------------------------------------------------------------------|-----------|
| <b>USE</b>                                                                                                                 | <b>TP</b> |
| > 2,000 square feet                                                                                                        | 4         |
| Inside Coastal Zone + 1 mile                                                                                               | —         |
| Water tank (accessory to cannabis use)                                                                                     | 3         |
| <b>USE</b>                                                                                                                 | <b>TP</b> |
| <b>Cannabis Manufacturing (subject to 13.10.650),<br/>ancillary to on-site commercial cannabis cultivation<sup>‡</sup></b> |           |
| Classes 1-2                                                                                                                |           |
| Outside Coastal Zone and 1 mile buffer, new or existing legal structure                                                    | 3/5***    |
| Inside Coastal Zone + 1 mile, existing legal structure                                                                     | 3/5***    |
| Class 3                                                                                                                    | —         |
| <b>USE</b>                                                                                                                 | <b>TP</b> |
| <b>Cannabis Distribution (subject to 13.10.650)<sup>‡</sup></b>                                                            |           |
| Class 1                                                                                                                    |           |
| Outside Coastal Zone and 1 mile buffer                                                                                     |           |
| Existing legal structure                                                                                                   | 3         |
| New structure                                                                                                              | 5         |
| Inside Coastal Zone + 1 mile, existing legal structure                                                                     | 4         |
| Class 2                                                                                                                    | —         |

<sup>‡</sup>With a license appropriate for zoning classification pursuant to SCCC Chapter 7.128. Non-retail commercial cannabis uses may be permitted in the TP zoning district only on sites with commercial cannabis activity established in or before November 2016. No new non-retail commercial cannabis structures may be permitted in the Coastal Zone and 1-mile buffer.

\*\*\*Level 5 approval required if manufacturing activity involves cannabis imported from offsite.

## SECTION VII

Section 13.10.650 is hereby added to read, as follows:

**13.10.650 Non-Retail Commercial Cannabis Uses.**

All non-retail commercial cannabis uses, including commercial cannabis cultivation, manufacturing and distribution, shall be subject to the following limitations:

(A) License. Non-retail commercial cannabis uses shall not be permitted on any parcel within the County without 1) a currently valid local license required by SCCC Chapter 7.128; and 2) a currently valid State license required under California law. Except as expressly defined in this Section 13.10.650, the definitions in Section 7.128.030 shall apply to the terms used herein.

(B) General.

(1) Procedures. Non-retail commercial cannabis uses and development shall be subject to the procedures applicable under SCCC Chapter 18.10 at the approval level established in the appropriate use chart for the zoning district. For purposes of determining the approval level applicable to cannabis uses and development, the square footage of a structure, greenhouse, hoop house or growing area shall be cumulative as to the parcel, cultivation site or facility, as applicable.

(2) Development. Inside the Coastal Zone, and within one mile beyond the Coastal Zone, no new non-retail commercial cannabis structures may be permitted, except for: (a) hoop houses (defined as agricultural shade structures exempt from building permits under SCCC Section 12.10.215) within zoning districts in which outdoor cultivation may be permitted, and (b) within the M-3 zoning district and/ or on parcels with a Q (Quarry) General Plan overlay. Except for legal structures existing on the effective date of this Section 13.10.650, use of any structure for non-retail commercial cannabis use shall be considered new development. All non-retail commercial cannabis uses and development, including structures, greenhouses, hoop houses, and related parking lots and access roads, proposed for non-retail commercial cannabis uses in zoning districts in which such uses may be approved shall be consistent with the General Plan and shall require all other applicable approvals (including but not limited to grading and building permits and coastal development permits for development as defined in SCCC Chapter 13.20) and shall be subject to all other applicable requirements of this Code and other applicable laws and regulations.

(3) Environmental Protection. All non-retail commercial cannabis use shall comply with the provisions of all applicable environmental laws and regulations, including County environmental resource protection ordinances (SCCC Title 16) and all applicable requirements of Division 13 (commencing with Section 21000) of the Public Resources Code (the California Environmental Quality Act, and State CEQA Guidelines, process).

(4) Land Clearing/ Grading. A land clearing permit must be obtained for any clearing in sensitive habitat as defined in SCCC Title 16.32 and for clearing exceeding 0.25 acre in any other area. In addition to meeting standards and regulations found in SCCC Title 16 and any other applicable regulation in Title 13:

- (a) Retained cuts and fills shall not exceed 10 feet.
- (b) Non-retained cuts and fills shall not exceed five feet.
- (c) Outdoor cultivation is not allowed on slopes steeper than 20 percent.
- (d) No grading is allowed on slopes greater than 20 percent, where slope gradient is measured as natural grade, or where the grade has been modified through an approved grading permit.
- (e) Remedial grading may be necessary in order to satisfy the requirements of this chapter. All remedial grading must be shown on the final grading plan. Remedial grading may include overexcavation and recompaction of on-site soils, buttress fills, or other grading activities deemed necessary to bring unpermitted grading into compliance with County Code.
- (f) Excessive or unnecessary grading may be grounds for grading application denial.

Variances to these rules may be granted if exceeding the limits above will result in less environmental damage than all other design alternatives, or if no other alternative exists, as determined by Environmental Planning staff.

(5) Outside Lighting. The application for a non-retail commercial cannabis use or development permit shall include plans for all outdoor lighting for review and approval. All outdoor lighting shall have the illumination directed downward or shielded so that glare is not projected onto adjacent properties or skyward.

(6) Parking. The application for a non-retail commercial cannabis use or development permit shall include a parking plan and documentation of parking needs for review and approval. The plan shall provide adequate off-street parking for all employees, and allow for loading and unloading.

(7) Site and Building Design. All new development shall be clustered or otherwise sited to reduce impacts. New structural development shall ensure the proposed building has sufficient architectural design to be compatible with the architectural character and scale of the surrounding area.

(a) In the CA zone district, any new development and conversion of any soil-dependent greenhouse for non-retail commercial cannabis use shall be subject to the findings in SCCC Section 13.10.314(A).

(b) In the TP zone district, permits authorizing non-retail commercial cannabis activities may be granted only on sites that had existing cannabis cultivation established in or before November 2016, and any new structural development and parking facilities on these

sites shall be clustered within 200 feet of other buildings on the parcel in order to facilitate timber production and harvesting and to preserve the rural character of the land. New land clearing and disturbance on these sites shall be limited to 0.25 acres.

(8) Setbacks. All development shall be set back from the property line the minimum distance required by the zone district, or as otherwise required in this Section 13.10.650, and may be required as a condition of a use or development permit to be set back a specified distance from the nearest off-site residence, if applicable, depending on the individual circumstances of the application.

(9) Landscaping and Screening. All new structural development shall be landscaped or located in the natural setting to soften the geometric form and to blend it with the rural character of the surrounding area. Parking lots and outdoor work and storage areas shall be screened from view from adjacent properties and roadways by vegetative plantings or other natural features and screening. Plantings shall be completed before final building inspection is approved.

(10) Outside Operations. Applications for a non-retail commercial cannabis use or development permit shall include information to describe the nature of any proposed outside operations. All outside operations shall be screened to minimize visibility from adjacent residences and roads.

(11) Noise Control. The application for a non-retail commercial cannabis use or development permit shall include information regarding the anticipated noise levels of the cannabis operation. Noise shall be limited to be consistent with the requirements of the General Plan Noise Element.

(12) Operating Hours.

(a) The application for a non-retail commercial cannabis use or development permit shall include information regarding the proposed operating hours of the facility. The operating hours shall be established and approved as a condition of the approval.

(b) Outside operating hours shall be limited to 7:00 a.m. to 7:00 p.m. These limits may be exceeded by obtaining approval of the Planning Commission, and limits shall be set by condition on the use approval based on the individual merits of the location and surroundings.

(13) Access. Access shall meet County road standards for the proposed use, including accommodation of delivery vehicles and emergency vehicles.

(14) Fire Protection. All regulations of the local fire district or County Fire Marshal shall be met to ensure adequate access, water availability and other conditions for fire protection.

(15) Water.

(a) All applications for any non-retail commercial cannabis use or development permit shall be accompanied by a letter from the water district serving the area stating that adequate capacity is available to serve the use, or the applicant shall demonstrate it has an approved on-site source or other adequate alternative source of water.

(b) All water used for cultivation purposes must be obtained from an approved on-site source, except for water used in the case of emergencies, and water obtained from a Department of Public Health, Food and Drug Branch licensed purveyor that is used solely for the initial filling of water tanks used to meet on-site water storage requirements for firefighting purposes. Cannabis shall not be cultivated with the use of a shared water source or water extraction equipment without the express permission of all of the persons holding an ownership interest in that water source or water extraction equipment. The applicant shall submit an identification of water supply to be used for cultivation and documentation demonstrating that the source is in compliance with all statutes, regulations, and requirements of the California State Water Resources Control Board, Division of Water Rights.

(c) If a new structure is proposed to be constructed, water saving devices shall be incorporated into the design, and shall be indicated on building and landscaping plans for review and approval.

(16) Sewer/Septic. A letter from the sewer district serving the parcel shall be submitted with the application stating that adequate capacity is available to serve the use, or the applicant shall otherwise demonstrate compliance with the requirements of SCCC Chapter 7.38 and adequacy of any septic system serving the site.

(17) Odors. Applications for a commercial cannabis use or development permit for outdoor cultivation must include a written statement demonstrating that the applicant has, to the maximum extent feasible given the topography of the site, taken neighboring sensitive receptors into account in site selection.

(18) Indemnity. Each use or development permit issued pursuant to this Section 13.10.650 shall have as a condition of the permit a requirement that the applicant defend, indemnify and hold harmless the County and its officers, agents, and employees from and against any claim (including attorney's fees) against the County, its officers, employees or agents to attack, set aside, void or annul the approval of the permit or any subsequent amendment of the permit.

(C) Commercial Cannabis Cultivation.

(1) Zoning. Subject to the limitations set forth in subsections (2), (3) and (4) below, commercial cannabis cultivation uses may be permitted in the following zones: CA (Commercial

Agriculture), A (Agriculture), RA (Residential Agriculture), C-4 (Commercial Services), M (Industrial), TP (Timber Production), and SU (Special Use), as well as on parcels with a Q (Quarry) General Plan overlay.

(2) Minimum Parcel Size.

- (a) The minimum parcel size for commercial cannabis cultivation in the CA zone is one acre.
- (b) The minimum parcel size for commercial cannabis cultivation in the A zone is ten acres.
- (c) The minimum parcel size for commercial cannabis cultivation in the RA zone is five acres.
- (d) The minimum parcel size for commercial cannabis cultivation in the TP zone is five acres.
- (e) The minimum parcel size for commercial cannabis cultivation in the SU zone is five acres.

(3) Restrictions.

(a) Commercial cannabis cultivation shall not be permitted inside the Coastal Zone or within one mile beyond the Coastal Zone, except in the CA, A, C-4 and M zones, and on parcels with a Q (Quarry) General Plan overlay.

(b) Commercial cannabis cultivation shall not be permitted within the Urban Services Line or the Rural Services Line, except in C-4 and M zones and in CA and A zones located inside the Coastal Zone and within one mile beyond the Coastal Zone.

(c) Inside the Coastal Zone, and within one mile beyond the Coastal Zone, commercial cannabis cultivation may only be permitted in CA and A zones outdoors (including in hoop houses, defined as agricultural shade structures exempt from building permits under SCCC Section 12.10.315) or in legal structures existing on the effective date of the ordinance adopting this Section 13.10.650.

(d) No outdoor or hoop house commercial cannabis cultivation shall be permitted in zones C-4 and M.

(i) Exception: In the M-3 zoning district and in the SU zoning district on parcels with a Q (Quarry) General Plan overlay designation, where quarry operations have ceased, outdoor or hoop house cultivation may be permitted in conjunction with the adoption or amendment of a reclamation plan.

(e) Commercial cannabis cultivation may be permitted in SU zones only if the General Plan designation of the parcel is residential (in which case the parcel will be considered as zoned A for purposes of this Chapter 13.10), AG (Agricultural) (in which case the parcel will be considered as zoned A for purposes of this Chapter 13.10), or Q (Quarry) overlay or I (Industrial).

(f) Commercial cannabis cultivation may be permitted in TP zones only for a cultivation site established in or before November 2016.

(4) Setbacks.

(a) Commercial cannabis cultivation shall not be allowed within six hundred (600) feet of (i) a municipal boundary; (ii) a school, a day care center, or youth center; (iii) a library; (iv) an alcohol or drug treatment facility; or (v) any park other than a State Park located within the urban area defined by the Urban Services Line.

(b) Commercial cannabis cultivation shall not be allowed within 0.25 miles of a school if pesticides may be applied using aircraft, air blast sprayers, sprinklers, dust, powder, or fumigants.

(c) Commercial cannabis cultivation shall not be allowed within one hundred (100) feet of any habitable structure on a neighboring parcel.

(d) Commercial cannabis cultivation shall not be allowed within three hundred (300) feet of a State Park located within the urban area defined by the Urban Services Line.

(e) On parcels ranging in size from one to five acres, commercial cannabis cultivation shall not be allowed within one hundred (100) feet of a public right-of-way. This setback does not apply when the cultivation is entirely indoors.

(f) On parcels ranging in size from five to ten acres, commercial cannabis cultivation shall not be allowed within two hundred (200) feet of a public right-of-way. This setback does not apply when the cultivation is entirely indoors.

(g) On parcels over ten acres in size, commercial cannabis cultivation shall not be allowed within three hundred (300) feet of a public right-of-way. This setback does not apply when the cultivation is entirely indoors.

(h) Commercial cannabis cultivation shall not be allowed within one hundred (100) feet of a perennial stream.

(i) Commercial cannabis cultivation shall not be allowed within fifty (50) feet of an intermittent stream or within the setbacks required by SCCC Chapters 16.30 (riparian corridor and wetlands protection) or 16.32 (sensitive habitats)

(j) Commercial cannabis cultivation shall not be allowed within fifty (50) feet of an ephemeral stream or within the setbacks required by SCCC Chapters 16.30 (riparian corridor and wetlands protection) or 16.32 (sensitive habitats).

(k) Commercial cannabis cultivation shall not be allowed within one hundred (100) feet of the high water mark of a lake, estuary, lagoon, or natural body of standing water.

(l) For purposes of this section, "school" means any licensed preschool or any public or private school providing instruction in kindergarten or grades 1 to 12, inclusive, but does not include any private school in which education is primarily conducted in private residences.

(m) For purposes of this section, "park" means any playground, hiking or riding trail, recreational area, beach, community center or building, historic structure or facility, conservation land, biological mitigation area, or open space owned, managed or controlled by any public entity or conservation entity such as a non-profit land trust.

(n) The distance specified in this sub-section for municipal boundaries, schools, day care centers, youth centers, libraries, and drug treatment facilities shall be the horizontal distance measured in a straight line from the municipal boundary, school, library, park, and drug treatment facility to the closest property line of the parcel on which cannabis is being cultivated, without regard to intervening structures.

(o) The distance specified in this sub-section for public rights-of-way, streams, and habitable structures shall be the horizontal distance measured in a straight line from the public right-of-way, streams and water areas, or habitable structure and the growing area on the cultivation site, without regard to intervening structures.

(p) Exceptions. Excluding setbacks required by SCCC Chapters 16.30 or 16.32, exceptions to the rules set forth herein for setbacks may be allowed subject to a Level 4 approval process with a finding, upon recommendation of the Licensing Official, that the exception is appropriate because physical conditions specific to the cultivation site (such as topography or intervening structures or vegetation) reduce the setback distance necessary to protect the public interest.

(D) Commercial Cannabis Manufacturing.

(1) Zoning. Subject to the limitations set forth in subsections (2) and (3) below, commercial cannabis manufacturing uses may be permitted, as follows:

(a) Class 1 and Class 2 commercial cannabis manufacturing uses are limited to the following zoning districts: CA (Commercial Agriculture), A (Agriculture), RA (Residential Agricultural), TP (Timber Production), C-2 (Community Commercial), C-4 (Commercial Services), M-1 (Light Industrial), M-2 (Heavy Industrial), M-3 (Mineral Extraction Industrial), and SU (Special Use) in accordance with SCCC Section 13.10.382.

(b) Class 3 commercial cannabis manufacturing uses are limited to the following zoning districts: CA (Commercial Agriculture), C-4 (Commercial Services), M-1 (Light Industrial), M-2 (Heavy Industrial), and M-3 (Mineral Extraction Industrial), and parcels with a Q (Quarry) General Plan overlay.

(2) Restrictions.

(a) In the geographic area designated as the Coastal Zone, and within one mile beyond the Coastal Zone, commercial cannabis manufacturing may only take place within legal structures existing on the effective date of the ordinance adopting this Section 13.10.650.

(b) All Class 3 commercial cannabis manufacturing uses must be located within a 10 minute response time of a fire station. If unable to meet this requirement, a fire clearance shall be required to verify that the facility can safely operate while protecting public health, safety and welfare. No facility shall be established beyond a 20-minute fire response time from the nearest responsible fire station in rural areas.

(c) Cannabis manufacture facilities shall be inaccessible by the general public and should be fully enclosed if feasible.

i. Exception: An open air extraction area may be established in the CA and A zone districts at a fixed, permanent, and fully secured location where parcel size is at least 20 acres and no residence receptors are located in proximity to the operation (as determined by the Monterey Bay Unified Air Pollution Control District).

(d) Cannabis manufacturing uses within the A, RA and TP zone districts may be permitted only on a parcel that contains a detached single-family dwelling. No manufacturing activities may be undertaken in a dwelling, whether as a home occupation pursuant to SCCC Section 13.10.613 or otherwise, but activities in a legal accessory structure may be permitted subject to all applicable restrictions. All manufacturing uses in the A and RA zone districts that include employees (excepting the owner of the parcel) shall require a Level 5 approval.

(e) Cannabis manufacturing uses in the A, RA and TP zone districts and on parcels within SU zone districts where the General Plan designation is residential or AG, shall be ancillary to licensed commercial cannabis cultivation on the parcel and import of cannabis material for onsite manufacturing may be permitted only with a Level 5 approval, and only as long as manufacturing using imported material does not require new structural development or any additional employees.

(f) In the C-2 zone district, commercial cannabis manufacturing is only allowed in conjunction with a licensed dispensary.

(3) Setbacks. No cannabis manufacturing facility may be located within 600 feet from (i) a school, (ii) a day care center, or (iii) a youth center. The distance specified in this subsection shall be the horizontal distance measured in a straight line from the property line of the school, day care or youth center to the closest property line of the lot containing the manufacturing facility under review, without regard to intervening structures.

(a) For purposes of this section, "school" means any licensed preschool or any public or private school providing instruction in kindergarten or grades 1 to 12, inclusive, but does not include any private school in which education is primarily conducted in private residences.

(b) Exceptions. Exceptions to the rules set forth herein for setbacks may be allowed subject to a Level 4 approval with a finding, upon recommendation of the Licensing Official, that the exception is appropriate because physical conditions specific to the manufacturing facility (such as topography or intervening vegetation or structures) reduce the setback distance necessary to protect the public interest

(E) Cannabis Distribution.

(1) Zoning. Subject to the restrictions set forth in subsections (2) and (3) below, commercial cannabis distribution uses may be permitted, as follows:

(a) Cannabis distribution pursuant to a Class 1 license associated with commercial cannabis cultivation or manufacturing may be permitted in any zoning district in which that use (cultivation or manufacturing, as applicable) is authorized.

(b) Cannabis distribution pursuant to a Class 2 license may be permitted only in the C-2 (Community Commercial), C-4 (Commercial Services), M-1 (Light Industrial), M-2 (Heavy Industrial), M-3 (Mineral Extraction Industrial), CA (Commercial Agriculture) zoning districts, the SU (Special Use) zoning district in accordance with SCCC Section 13.10.382, on parcels with a Q (Quarry) General Plan overlay, and in the CA zone district within legal structures existing on the effective date of the ordinance adopting this Section 13.10.650.

(2) Restrictions.

(a) In the geographic area designated as the Coastal Zone, and within one mile beyond the Coastal Zone, commercial cannabis distribution may only take place within legal structures existing on the effective date of the ordinance adopting this Section 13.10.650.

(b) A distribution facility shall be inaccessible by the general public and should be fully enclosed if feasible.

(c) Commercial cannabis distribution uses in the RA and A zone districts shall be ancillary to licensed commercial cannabis cultivation on the parcel.

(d) In the C-2 zone district, commercial cannabis distribution is only allowed in conjunction with a licensed dispensary.

(3) Setbacks.

(a) No license may be issued to operate a cannabis distribution facility located within 600 feet from (i) a school, (ii) a day care center, or (iii) a youth center. The distance specified in this subsection shall be the horizontal distance measured in a straight line from the property line of the school to the closest property line of the lot containing the manufacturing facility under review, without regard to intervening structures.

(b) For purposes of this section, "School" means any licensed preschool or any public or private school providing instruction in kindergarten or grades 1 to 12, inclusive, but does not include any private school in which education is primarily conducted in private residences.

(c) Exceptions to the rules set forth herein for setbacks may be allowed subject to a Level 4 approval with a finding, upon recommendation of the Licensing Official, that the exception is appropriate because physical conditions specific to the distribution facility (such as topography or intervening vegetation or structures) reduce the setback distance necessary to protect the public interest.

## SECTION VIII

Section 13.10.382 of the Santa Cruz County Code shall be amended to add the following new subsection (C), and subsection (D) shall be renumbered accordingly:

(C) Non-Retail Commercial Cannabis Uses.

(1) Commercial cannabis cultivation uses may be permitted within the Special Use (SU) District on parcels at least five acres in size, subject to all applicable requirements of SCCC Section 13.10.650 and Chapter 7.128, where the General Plan designation is residential, agricultural, industrial or Q (Quarry). Where the General Plan designation is residential or agricultural, cultivation uses may be permitted as specified in the use chart in SCCC Section 13.10.312(B) for the A zone district. Where the General Plan designation is industrial or quarry (Q overlay), cultivation uses may be permitted as specified in the use chart in SCCC 13.10.342(B) for the M-3 zoning district.

(2) Commercial cannabis manufacturing uses may be permitted within the Special Use (SU) District, subject to all applicable requirements of SCCC Section 13.10.650 and Chapter 7.128, where the General Plan designation of the parcel is residential, agricultural, industrial or Q

(Quarry). Where the General Plan designation is residential or agricultural, manufacturing uses may be permitted as specified in the use chart in SCCC Section 13.10.312(B) for the A zone district. Where the General Plan designation is industrial or quarry (Q overlay), manufacturing uses may be permitted as specified in the use chart in SCCC 13.10.342(B) for the M-3 zoning district.

(3) Class 1 cannabis distribution may be permitted within the Special Use (SU) District, subject to all applicable requirements of SCCC Section 13.10.650 and Chapter 7.128, where the General Plan designation of the parcel is residential, agricultural, industrial or Q (Quarry). Where the General Plan designation is residential or agricultural, Class 1 distribution uses may be permitted as specified in the use chart in SCCC Section 13.10.312(B) for the A zone district. Where the General Plan designation is industrial or quarry (Q overlay), Class 1 distribution uses may be permitted as specified in the use chart in SCCC 13.10.342(B) for the M-3 zoning district. Class 2 cannabis distribution may be permitted within the Special Use (SU) District, subject to all applicable requirements of SCCC Section 13.10.650 and Chapter 7.128, where the General Plan designation is commercial, industrial or quarry (Q) overlay. Class 2 distribution uses on these parcels may be permitted as specified in the use chart in SCCC 13.10.342 for the M-3 zoning district.

## SECTION IX

The following definition shall be added to Section 16.01.020 of the Santa Cruz County Code:

“Environmental Coordinator” means the Planning Director of the County of Santa Cruz or designee.

## SECTION X

This ordinance is not subject to the California Environmental Quality Act (CEQA) pursuant to Business and Professions Code section 26055(h). That section states that Division 13 of the Public Resources Code does not apply to the adoption of an ordinance that requires discretionary review and approval of permits, licenses, or other authorizations to engage in commercial cannabis activity if such discretionary review includes any applicable environmental review required under Division 13.

## SECTION XI

Should any section, clause, or provision of this Ordinance be declared by the courts to be invalid, the same shall not affect the validity of the Ordinance as a whole, or parts thereof, other than the part so declared to be invalid.

## SECTION XII

This ordinance shall take effect in areas outside the Coastal Zone on the 31st day after the date of final passage, and shall take effect in areas within the Coastal Zone on the 31<sup>st</sup> day after the date of final passage, or upon certification by the Coastal Commission, whichever is later.

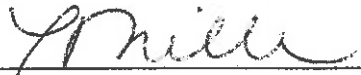
PASSED AND ADOPTED this \_\_\_\_ day of \_\_\_\_\_, 2018, by the Board of Supervisors of the County of Santa Cruz by the following vote:

AYES: SUPERVISORS  
NOES: SUPERVISORS  
ABSENT: SUPERVISORS  
ABSTAIN: SUPERVISORS

Attest: \_\_\_\_\_  
Clerk of the Board

\_\_\_\_\_  
Chairperson of the  
Board of Supervisors

Approved as to form:

  
\_\_\_\_\_  
Assistant County Counsel

Attachment: Proposed Ordinance, Chapter 13.10 (Cannabis Regulations)

**Public Correspondence from Board of Supervisors Special Meeting February 5,  
2018, to Present**

[Type here]

**Exhibit L**

**From:** Jillian Ritter  
**To:** Agenda Management Support  
**Subject:** #4 2-5-18  
**Date:** Tuesday, January 30, 2018 9:51:31 AM  
**Attachments:** Letters of Marc Riehl.pdf

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Please see attached.

Jillian F. Ritter  
County Supervisors' Analyst  
Santa Cruz County Board of Supervisors  
701 Ocean Street, Room 500  
Santa Cruz, CA 95060  
831-454-2200  
Jillian.ritter@santacruzcounty.us

December 1, 2017

Santa Cruz County Board of Supervisors  
701 Ocean St.  
Santa Cruz, Calif. 95060

Members of the Board:

Attached are my letters of 3-15-17 and 11-30-17, addressed to Mr. Matt Johnston, of the planning department, submitted during the public comment periods for the Notice of Preparation, and the Draft E.I.R. for commercial cannabis cultivation. I am forwarding these letters your consideration before the Board next takes up the issue of the E.I.R., and, or, when it meets to discuss a new ordinance for the commercial cultivation of marijuana.

I believe my thoughts, feelings, and position on the future of commercial cannabis cultivation in this county, encapsulated in my letters, are worthy, and strong enough to warrant direct attention to the board. The letters together are a progressive narrative, both pertinent to what has recently transpired and to the decisions that are to be made. My most up to date letter of 10-30-2017 has been slightly edited from that which I submitted to Mr. Johnston.

Please include these documents, for the record, in the public correspondence section of the agenda whenever the board again addresses commercial cannabis cultivation in the county.

Thank you for your consideration

Sincerely,

  
Marc Riehl

Larkin Valley

EXHIBIT L

March 15, 2017

Dear Mr. Johnston:

My 3 acre RA zoned home is on the floor of Larkin Valley, bordered by Larkin Valley Rd. and Senda Ladera Wy. The current "Proposed Project" to be analyzed rightfully excludes commercial cultivation and manufacturing of cannabis from most of Larkin Valley by way of the proposed prohibition in the coastal + one mile. This is assuming the map presented is accurate. The "Proposed Project" however excludes C-4, M, CA, and A zoned parcels from this prohibition. It can be seen from the map that there is a patch work of these zoned parcels that would allow for such cultivation, one of which is my neighbor's who shares the same road boundaries as I. Although patch works of zoned parcels in any one area are found in the county's zoning plan, and general plan, these determinations have no sense. This can be seen to be particularly so by those parcels in the area of Larkin Valley Rd. near Buena Vista Rd. where many of them are contiguous and less than 3 acres, yet Zoned A. I do not know how these designations were determined other than what a neighbor told me long ago that he was able to change his parcel zone through the planning dept.

There are areas in the county where commercial cultivation of marijuana is appropriate, but not in Larkin Valley. The character of our rural neighborhood is more family residential than agricultural. Small numbers of horses for private riding, are the prevalent "livestock" in the valley. In the fall 2013 the property next to mine, one of the few in the valley zoned A, and which also shares the Larkin Valley Rd. and Senda Ladera Wy. boundaries, was sold to an owner who has been commercially growing marijuana. It is the only such venture in the floor of Larkin Valley. The sale, as a result, displaced a small horse boarding and training business which catered mostly to young girls.

79-1

In the Land Use and Planning section of the Notice of Preparation document it states the E.I.R. will evaluate "The proximity of commercial, agricultural, manufacturing and sensitive uses - (development and operation of marijuana cultivation and manufacturing -of a drug) (that) can result in conflicts between county policies that strongly promote agricultural uses and those that protect quality of life and neighborhood character in the rural lands." The Notice of Preparation states the E.I.R. will analyze "The Project and also a More Permissive Project." I am concerned these headings capitalized connote that they will be equally analyzed, when "in addition...the E.I.R. will analyze a more restrictive alternative, which will allow cultivation in fewer settings with more constraints"; is not capitalized, nor is it with a proposed format prepared, as it is with in the "More Permissive Project." The addendum, "and an alternative that represents a yet more permissive set of regulations" to be analyzed only adds to my concern that the work of the E.I.R. will be skewed towards the cannabis cultivation and manufacturing interests. I don't know what "No Project" means. Nothing at all? A complete ban?

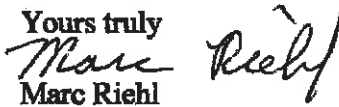
A complete ban on commercial cannabis cultivation and manufacturing is unrealistic, and has been shown so by the County Board of Supervisors repeal of such a ban in 2015. A review of any of the zoning maps, existing or proposed, shows the vast majority of the land in the unincorporated areas of the county are potentially zoned for some type of commercial cultivation of marijuana. With 950 registrants, and language being tossed around of others eventually

EXHIBIT L

entering the industry in our county, the smallest geographically in the state next to San Francisco, the prospect is eye opening to say the least, ... and not in a good way.

79-1 Some kind of sober deliberation and reasonable and realistic decision needs to be made in this matter. The County Board of Supervisors having the last say, still doesn't diminish the sway that the E.I.R. has in this process. I'm hoping that such reasonable, and realistic deliberations will be afforded equally in crafting the proposals for all "Projects" in the E.I.R.

Yours truly

  
Marc Riehl

Larkin Valley

October 30, 2017

Dr. Mr. Johnston:

The draft E.I.R. does not adequately address two very important factors of its own Program Objectives under section 2.3.1. Those are #7, "ensure compatibility of commercial cultivation and manufacturing sites with surrounding land uses, especially residential neighborhoods", and #9, "regulate...to avoid the risks of criminal activity and degradation of visual settings and *neighborhood character*."

To avoid repetition, I refer you to my 3-15-17 letter, #79-1 in the written comments section of the NOP 30 day review document. I request you re-read my letter and strongly urge you consider my position within the intention of the two sections of the Program Objectives cited above. A response citing only the chapters and sections of the draft E.I.R., for instance, zoning uses, does not include a serious and thoughtful consideration of the subjective but equally important human factor of neighborhood character and history. So, please respond in a like manner.

As you can see from my 3-15-17 letter, my RA parcel where I live is similar in kind to Jonathan and Paula Holtz's situation as they relay in their 3-15-17 letter (69-1). I too have been similarly affected by the violently dangerous activity inherent in marijuana grows, but not by far to the extent as Jonathan and Paula Holtz have experienced. In the past few weeks the Sentinel reported a gunfight over a marijuana grow on Rancho Road, 3 miles from my home. My first exposure to the violence inherent in marijuana farms goes back to the October 1978 murder of pot farmer, Dennis, "Rabbit", Johnson. Through my profession, I worked with the teens involved in this senseless fatal attempted robbery, including the shooter who was armed during the confrontation with Mr. Johnson who bore a shotgun.

Marijuana use has a long way to go to before it becomes a more fully accepted social intoxicant, as is alcohol, when it's used responsibly. When that time comes, I'll be fine with it. And, perhaps afterwards, it may be seen eventually as a health and social scourge, as cigarettes have become. I'm fine with that too. But until then, as long as it has the reputation as being a nefarious, potentially dangerous activity, then Not In My Back Yard, or front yard. To regard marijuana farming as any other crop, or like a vineyard in a predominately RA zoned neighborhood is ludicrous. I've never heard of an instance of shots fired because of vineyard activity.

EXHIBIT L

My sentiments match exactly those found in the paragraph of the Holtz's letter that reads, "...there needs to be criteria to account for individual instances not commonly found across all potential grow sites that reflect the neighborhood character and history as it determines the compatibility of the neighborhood for growing...there should be a language and a process that allows the individual characteristics of any given lot in the context of its neighborhood being considered."

A mandate from the ordinance code to be considered by the licensing official, as to the lot, not the grower, might prove to be an answer to this problem of utmost importance. Another option would be to reconsider the CAO, County Counsel, Planning Department's recommendation option made quite some time back; requiring for licensing, a 300 foot setback of a habitable structure on a neighboring parcel from its property line abutting the property line of a cultivation zoned parcel with a 300 foot setback required of an indoor grow structure on that property as well. A criticism of that proposal was it would cause a de-facto ban on all but a few grow sites in the county. Let's see through the E.I.R. the extent to which that is true, considering also the amount of commercial and farm acreage anticipated to be changing over to marijuana cultivation.

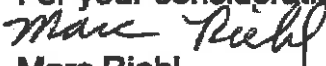
All of these considerations and suggestions would fall within the E.I.R.'s "most restrictive" project alternative. Reviewing the E.I.R. draft confirmed my concerns that the document would be skewed towards a more sympathetic approach towards the marijuana cultivation community. Somewhere in this large document I read that "The County" ordered the E.I.R., but I could not find where it was to be so primarily focused on not just the Proposed Project, but also on a More Permissive Project, in the main body of the report. I would like to know specifically, who, in The County, made this direction, that the More Permissive Project would not be addressed in the alternatives section. Was it the Board of Supervisors? The report may have complied with CEQA's requirement that the analysis must forward other alternatives to the main focus of the E.I.R., but the inclusion of a Most Permissive alternative in addition to the More Permissive analysis makes it difficult not to question the integrity of the intension of this report.

I understand that more regulation of commercial cultivation of marijuana may drive more growers into the black market who would want to comply with licensing and become legitimate otherwise. Probably that has already happened to a great extent because this process has taken so long. I want it to resolve soon too. It's tedious. However, the black market has always existed and I worry that if an overly permissive ordinance is finally adopted this county will experience another "Green Rush" that will make the one in 2014 pale in comparison. I believe no one wants to see this happen and the Board of

Supervisors would act in good faith to prevent it from happening. Yet I have still not heard from the Board any serious discussion of an actual overall acreage limit of marijuana cultivation in our geographically tiny county. I've heard often enough from the marijuana cultivation community of their desire for others to have the opportunity to grow, "who have been waiting to do it legally", so long as they're not big grower "agri-businesses." There is already a glut of weed in this county and there is also a healthy enough export business here already as well.

Expansion of "the industry" in Santa Cruz County, and it being "destination location" for marijuana would be a bane to our beautiful area, which already has a plethora of world renown beautiful and healthy attractions.

For your consideration.

  
Marc Riehl

February 1, 2018

Supervisor Zach Friend  
Santa Cruz Board of Supervisors  
701 Ocen Street Room 500  
Santa Cruz, CA. 95060

Dear Supervisor Friend,

Please review the attached comments. Overall the new Non-Retail regs are fair and workable, however, there are a few areas that are not. There is a need to harmonize with state regs. Harmonizing regulations with the state makes a lot of sense; we have addressed those SCC regulations that do not coincide with California cannabis emergency regulations in the following comments. Placing the industry between state and county regulations, definitions and enforcement creates a 'nightmare' for the governed. We saw this with Light Brown Apple Moth and being from an industry that was and is in the middle of County and State regulations, we have and continue to suffer immensely. We implore you to find a better solution by harmonizing Santa Cruz County regulations with California State emergency regulations.

Thank you for considering the following comments.

  
Dave Cavanaugh  
Horticulturist/nurseryman

RECEIVED  
BOARD OF SUPERVISORS

SANTA CRUZ COUNTY

EXHIBIT L

**Santa Cruz County Supervisors**

**To: Supervisor Zach Friend**

**From: Dave Cavanaugh, nurseryman**

*Please include the following comments in the packet for the upcoming 2/5 Supervisor Meeting.*

*The NON-RETAIL COMMERCIAL CANNABIS BUSINESSES, NEW CHAPTER 7.128.draft ordinance has some serious flaws that need to be addressed. Please consider the following:*

- 1. Canopy as defined in the new SCC draft should be harmonized with the California's emergency commercial cannabis regulations. Canopy should not mean any stage of Cannabis plants but only refer to mature plants as defined by California law. This would allow juvenile plants to be raised in a nursery while not subtracting from the total mature plant area. This would allow maximum use of the limited space available in greenhouses & would increase the efficient use of heated areas; that is to say young plants can be grown cooler.*

**CALIFORNIA CODE OF REGULATIONS TITLE 3. FOOD AND AGRICULTURE DIVISION 8.**

**CANNABIS CULTIVATION CHAPTER 1. CANNABIS CULTIVATION PROGRAM**

**Article 1, section 8000: (f) "Canopy" means the designated area(s) at a licensed premises, except nurseries, that will contain mature plants at any point in time, as follows: (1)**

**Canopy shall be calculated in square feet and measured using clearly identifiable boundaries of all area(s) that will contain mature plants at any point in time, including all of the space(s) within the boundaries; (2) Canopy may be noncontiguous but each unique area included in the total canopy calculation shall be separated by an identifiable boundary that includes, but is not limited to; interior walls, shelves, greenhouse walls, hoop house walls, garden benches, hedgerows, fencing, garden beds, or garden plots; and (3) If mature plants are being cultivated using a shelving system, the surface area of each level shall be included in the total canopy calculation.**

**(r) "Mature plant" means a cannabis plant that is flowering.**

- 2. Allow Cannabis grown in greenhouses to not be controlled by the*

200 foot setback from a public road. With a visual barrier, it is the same as an indoor grow. This would be one of the instances where indoor production and greenhouse grown would be consistent.

3. Harmonize the definition of greenhouse as mixed light (state regs) rather than indoor as defined by SCC Non-Retail draft. There are numerous requirements for indoor growing that are not relevant to greenhouse growing and quite certainly not doable in a greenhouse situation, i.e. air scrubbing, etc. (Attachment below - state license categories chart)

California Department of Food and Agriculture

CALIFORNIA

## License Categories

| Category          | Outdoor                                     | Indoor                    | Mixed Light               |
|-------------------|---------------------------------------------|---------------------------|---------------------------|
| Specialty Cottage | Up to 25 mature plants                      | Up to 500 sq ft           | Up to 2,500 sq ft         |
| Specialty         | Up to 5,000 sq ft or up to 50 mature plants | Up to 5,000 sq ft         | Up to 5,000 sq ft         |
| Small             | 5,001-10,000 sq ft                          | 5,001-10,000 sq ft        | 5,001-10,000 sq ft        |
| Medium (limited)  | 10,001 sq ft to 1 acre                      | 10,001-22,000 sq ft       | 10,001-22,000 sq ft       |
| Large (unlimited) | Greater than 1 acre                         | Greater than 22,000 sq ft | Greater than 22,000 sq ft |

No size limit defined in statute (no category)

Conducts only finishing, drying, curing, grading, or packaging of cannabis and cannabis-infused cannabis products

**4. The section 7.128.090 of SCC New Non-Retail draft needs to be amended to exclude mutual liability for other licensees when a co-license agreement exists. Individuals licensees should be solely responsible for violations not innocent license holders. (**

From SCC New Non-Retail draft

Section 7.128.090, D) Co-Location Of Licensees. (page 14)

(2) Applicants seeking to co-locate must submit a written "Co-Location Agreement" signed by each potential licensee and the property owner. Each licensee may be held liable for violations committed by any other licensee participating in the co-location agreement.

## License Categories

| Category                      | Outdoor                                                                                                         | Indoor                    | Mixed-Light               |
|-------------------------------|-----------------------------------------------------------------------------------------------------------------|---------------------------|---------------------------|
| Specialty Cottage             | Up to 25 mature plants                                                                                          | Up to 500 sq ft           | Up to 2,500 sq ft         |
| Specialty                     | Up to 5,000 sq ft or up to 50 mature plants                                                                     | Up to 5,000 sq ft         | Up to 5,000 sq ft         |
| Small                         | 5,001-10,000 sq ft                                                                                              | 5,001-10,000 sq ft        | 5,001-10,000 sq ft        |
| Medium (limited)              | 10,001 sq ft to 1 acre                                                                                          | 10,001-22,000 sq ft       | 10,001-22,000 sq ft       |
| Large (Not issued until 2023) | Greater than 1 acre                                                                                             | Greater than 22,000 sq ft | Greater than 22,000 sq ft |
| Nursery                       | No size limit defined in statute (no canopy)                                                                    |                           |                           |
| Processor                     | Conducts only trimming, drying, curing, grading, or packaging of cannabis and nonmanufactured cannabis products |                           |                           |

Kirk Schmidt  
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(831) 750-5449  
e-mail kschmidt@ix.netcom.com

February 1, 2018

Cannabis Licensing  
c/o Robin Bolster-Grant  
Santa Cruz County  
701 Ocean Street, 5th floor  
Santa Cruz, CA 95060

Re: Revised Draft Cannabis Ordinance

Dear Ms. Bolster-Grant:

On Friday, January 26, 2018, Santa Cruz County released the revised draft Non-Retail Cannabis Ordinance. The Board of Supervisors will convene a Special Meeting on Monday, February 5, 2018, at 9:00 a.m. to consider, in concept, a staff proposal for revised draft cannabis program regulations. The Board of Supervisors will hold a subsequent meeting on March 13, 2018, and potentially adopt the Non-Retail Cannabis Ordinance and related zoning changes.

The revised draft incorporates several changes suggested by commenters to the EIR, which are appreciated. This letter only provides comments on the revised draft ordinance, and is limited to cannabis grown on CA zoned commercial agricultural land. I previously provided comments on the draft EIR.

In November, 2017, CDFA published Emergency Regulations for Cannabis Cultivation (CDFA regs.) after the end of the comment period on the county EIR. Several of the emergency state regulations are supportive of, but inconsistent with, the county's then proposed ordinance. There is still a variance between the state regulations and the revised draft county ordinance. It is in the best interest of the county, growers and the state regulators to have local and state oversight in sync to avoid inadvertent non-compliance due to divergent and inconsistent rules. The following comments are focused on the revised draft county ordinance.

#### **Chapter 7.128 Non-Retail Commercial Cannabis**

There are two areas where the revised draft ordinances differ significantly from the CDFA emergency regulations. These differences will significantly reduce the size of operations in Santa Cruz compared to other counties that have adopted language which parallels the CDFA regulations, which will place Santa Cruz commercial growers, farmers, at a competitive

EXHIBIT 17

disadvantage. The Greenhouse and Canopy definitions are not remotely similar, which will also result in confusion in taxation and enforcement.

**Canopy** as defined in the Santa Cruz revised draft regulations is described as:

7.128.030 (K) "Canopy" means the designated area(s) at a licensed premises that will contain cannabis plants at any point in time, as follows: (1) Canopy shall be calculated in square feet and measured using clearly identifiable boundaries of all area(s) that will contain cannabis plants at any point in time, including all of the space(s) within the boundaries; (2) Canopy may be noncontiguous but each unique area included in the total canopy calculation shall be separated by an identifiable boundary that includes, but is not limited to, interior walls, shelves, greenhouse walls, hoop house walls, garden benches, hedgerows, fencing, garden beds, or garden plots; and (3) If cannabis plants are being cultivated using a shelving system, the surface area of each level shall be included in the total canopy calculation. (pg. 5)

The CDFA regulations define canopy as mature plants:

§ 8000 (f) "Canopy" means the designated area(s) at a licensed premises, except nurseries, that will contain mature plants at any point in time.

- (1) Canopy shall be calculated in square feet and measured using clearly identifiable boundaries of all area(s) that will contain mature plants at any point in time, including all of the space(s) within the boundaries;
- (2) Canopy may be noncontiguous but each unique area included in the total canopy calculation shall be separated by an identifiable boundary which include, but are not limited to: interior walls, shelves, greenhouse walls, hoop house walls, garden benches, hedgerows, fencing, garden beds, or garden plots; and
- (3) If mature plants are being cultivated using a shelving system, the surface area of each level shall be included in the total canopy calculation.

CDFA further defines nursery as:

§ 8000 (u) "Nursery" means a licensee that produces only clones, immature plants, seeds, and other agricultural products used specifically for the propagation and cultivation of cannabis.

The draft Santa Cruz regulations significantly limit the size of the mature canopy by including all nursery plants in the same description. This will limit the utilization of existing greenhouses on CA and A land. Many counties have different tax rates for sales and property taxes, but in every case the definition of the subject of the tax is uniform statewide.

*Recommendation:* The Santa Cruz revised draft ordinance should delete the definition of canopy (7.128.030 (K)) and replace it with the definitions of Canopy and Nursery as defined in existing CDFA regulations.

**Greenhouse:** The revised draft provides definitions for cultivation indoor (pg. 6), in hoop-house (pg. 6) and outdoor (pg. 7). CDFA categories are outdoor, indoor and mixed-light. There is no definition of greenhouse in the county draft. This prevents full operation of existing underutilized greenhouses on CA zoned land in the county. Furthermore, the draft regulations create confusion by using definitions which alternatively consider greenhouses “indoors” with limitations on lighting etc., while limiting the overall area farmable by the same percentage of acreage as field grown, outdoor, crops on CA zoned land.

**Mixed-light** are greenhouses, daylight with electrical light supplementation. The Santa Cruz ordinance should be amended to be consistent with the CDFA regs. CDAF defines Mixed Light as:

§ 8000 (s) “Mixed-light cultivation” means the cultivation of mature cannabis in a greenhouse, hoop-house, glasshouse, conservatory, hothouse, or other similar structure using light deprivation and/or one of the artificial lighting models described below:

“Mixed-light Tier 1” the use of artificial light at a rate of six watts per square foot or less;

“Mixed-light Tier 2” the use of artificial light at a rate above six and below or equal to twenty-five watts per square foot.

*Recommendation:* The Santa Cruz ordinance should be amended by adding a definition of greenhouses or mixed light cultivation which is the same as existing CDFA regulations. Mixed Light, or Greenhouses, should not be considered in the same category as outdoor grows, which is consistent with the CDFA regs. Then existing greenhouses would not be subject to the 2.5% or 5% of the parcel size if they are fully enclosed with opaque walls on the exterior facing the parcel property lines.

**Hoop Houses** are presently used extensively on outdoor crops on CA zoned land in the Pajaro Valley. Many are only seasonal and temporary, not subject to any county permit or review, and are not controlled atmosphere structures. The definition of Hoop Houses should be refined.

The revised ordinance defines “**Master Plan**” and “**Co-location**” (pg. 5-6). The definition of Master Plan should be expanded to include multiple licensees on a single parcel. It currently only applies to adjacent parcels. In the case of established greenhouse ranges it would reduce planning staff inspections if it applied to the multiple distinct greenhouse structures on a single parcel.

**Co-location of Licensees:** It is in the best interests of the County Planning Department and Ag Commissioner to have multiple licensees in one location. However, there is a requirement that “Each licensee may be held liable for violations committed by any other licensee participating in the co-location agreement” (pg. 14). This obviates any co-location of licensees as one licensee could possibly be held liable for employee relations, payroll, workers comp or non-payment of cannabis taxes by another co-locator. It does not take advantage of the environmental benefits of stacking licensees, in existing greenhouses. Discussion with County legal and planning staff indicate this section was inserted out of concern regarding the overall appearance and operation

of the parcel subject to the co-location agreement, which seems reasonable. The following revision is recommended.

7.128.090 (D)(2) Applicants seeking to co-locate must submit a written “Co-Location Agreement” signed by each potential licensee and the property owner. Each licensee may be held ~~liable for violations committed by any other licensee participating in the co-location agreement.~~ responsible for the jointly used common area, including but not limited to exterior fencing, graffiti removal, toilet facilities, parking and trash removal.

**Master Plan Operations:** This is an excellent idea. Unfortunately the joint liability requirement makes it impossible for the parties to comply. For the reasons stated above this should be changed as follows:

7.128.090 (E) Master Plan Operations.

(1) In order to minimize the impacts associated with cannabis business operations the Licensing Official is authorized to approve a Master Plan operation comprised of multiple licensed cannabis businesses operating on a single or adjacent parcels and sharing infrastructure that would otherwise be individually required if the businesses were operating alone. Licensees may be involved in a Master Plan regardless of license type, as long as each licensee meets all of the requirements set forth in this Chapter for that licensee’s individual license type.

(2) Applicants seeking approval of a Master Plan must submit a proposed “Master Plan Agreement” to the Licensing Official. The agreement must be approved by the Licensing Official and the property owner will submit a copy signed by each potential licensee and the property owner before occupancy by any licensee ~~approval of participating in the Master Plan. Each licensee may be held liable for violations committed by any other licensee participating in the Master Plan Agreement, and the agreement must contain a written statement acknowledging this~~ responsible for the jointly used common area, including but not limited to exterior fencing, graffiti removal, toilet facilities, parking and trash removal.

(3) At least one employee of one of the licensees must reside in a permitted residence on one of the parcels that participate in the Master Plan.

The requirement that at least one licensee must resided on the premises should be eliminated and the language changed so that it is compatible with 7.128.110 (B)(4) which requires for a Class CA license that a “manager or employee of the licensee resides in a permitted residence on the parcel. (pg. 17)

**Canopy Limits:** Rules Specific to License Types; CA Land {7.128.110 (C)(1)(a) page 17}: As proposed this currently limits canopy at 2.5% of the parcel size, up to 5% for co-located licensees. For an existing greenhouse range with three structures totaling 300,000 sq. ft. on 10

acres it would allow a canopy size of only 10,890 sq., only 3.6% of the existing greenhouses. Due to the highly regulated nature and security required of cannabis cultivation it would mean that the remainder, 289,110 sq. ft., would remain unplanted, an unfortunate loss of existing local resources. There should be a distinction between outdoor, field grown, and greenhouses. Furthermore there is no similar restriction on operations in C-4 or M zoning (pg. 18). This is another reason why the definition of indoor needs to be modified to accommodate existing "Mixed Light" structures. To maximize utilization of existing greenhouses on CA land and reduce the overall environmental impact of cannabis cultivation this should be changed to allow stacking of licensees and full occupancy of existing greenhouses.

The CDFA regulations set canopy limits per licensee, for example the canopy limit for a mature crop canopy for a "Medium Mixed Light" license is 22,000 sq. ft. with no limits on the square footage of nursery plants. As greenhouses, mixed light structures, have plants growing in the interior which cannot be observed from off of the property and are secured, they should not be subject to the same limitations as field grown cannabis.

7.128.110 (C) Canopy Limits.

(1) Each licensee shall be subject to the following limits on maximum canopy, based on license class. The Licensing Official may place additional or further restrictions on canopy size to maintain consistency with other laws, agricultural uses, and neighborhood compatibility.

(a) Class CA License. Size of canopy allowed, subject to approval of the Licensing Official:

(i) For single licensees on a single outdoor parcel, up to 2.5 percent of the size of the parcel, not to exceed twenty-two thousand (22,000) square feet.

(ii) For single licensees on a single parcel with all cultivation within a greenhouse is not to exceed twenty two thousand (22,000) square feet of mature canopy.

(iii) For Co-Location on parcels smaller than 20 acres, up to 5 percent of the size of the parcel, not to exceed one acre total among all licensees.

(iv) For Co-Location of multiple licensees on a single parcel with all cultivation within a greenhouse or multiple greenhouses is not to exceed twenty two thousand (22,000) square feet of mature canopy per licensee. Each existing greenhouse structure will have demarcations showing the area occupied by individual licensees.

(v) For Co-Location on parcels 20 acres or larger where cultivation takes place solely within permitted structures existing as of November 2016, canopy limits will be set by the Licensing Official. For Co-Location on parcels 20 acres or larger where cultivation requires new structural development, up to 5 percent of the size of the parcel, not to exceed two acres total among all licensees.

**Vertical Integration** is allowed, however horizontal integration is not considered. The CDFA regulations limit any single license to a set size based on the category, but do not prohibit association of related entities. The draft ordinance should be amended to allow for horizontal integration as well, which would be similar to the CDFA regs.

**Outdoor, Indoor and Greenhouses.** There is another non sequitur in the revised draft ordinance dealing with the requirement for air scrubbers on indoor grows (pg26). As defined, this would also apply to existing greenhouses on CA land, which is zoned CA due to no adjacent residential uses, rendering all of them unusable for cannabis production. This mandate should be modified as follows to exclude existing greenhouses on CA zoned land from this mandate.

7.128.170 (17) Aside from outdoor cultivation sites and greenhouses on CA zoned land with an existing ventilation system, all indoor facilities where cannabis product is located must use a commercial air scrubbing or filtration system sufficient to prevent the odors associated with business operations from escaping the facility where cannabis products are grown, processed, or stored. In order to mitigate odors, all facilities shall be equipped with a mechanical source capture system. Source capture systems shall comply with all local laws. In-line exhaust filtration may include a carbon filtration capture system or other equivalent filtration apparatus approved by the Building Official. Source capture system apparatus shall be maintained in proper working order.

#### **Sections 13.10 *et. seq.* relating to Non Retail Commercial Cannabis Uses**

Many farmers are concerned that there could be loss of existing farm land due to conversion to new permanent cannabis growing structures on CA and A land. There should be a clear preference that encourages greater use of existing greenhouses on CA and A land, which was more fully discussed above. The zoning regulations should be consistent with that approach.

§13.10.312(B) provides for a Level 3 administrative review for conversion of an existing structure on CA or A land to cannabis, regardless of size, but excludes existing greenhouses, which is inconsistent with Chapter 7.128 regs. which describe greenhouses as a structure. Existing legal greenhouses, measured by the size, require a Level 5 Zoning Administrator review after public notice and hearing, even though the greenhouse is existing and needs no review for conversion to any other crop. The following changes should be made:

| USE                                                                                     | CA | A |
|-----------------------------------------------------------------------------------------|----|---|
| Cannabis Cultivation (commercial) (subject to Section 13.10.650)                        |    |   |
| Indoor and greenhouse cultivation (existing legal structure, other than greenhouse) ... | 3  | 3 |

Greenhouse (existing legal), ~~conversion,~~  
replacement, reconstruction, or structural  
alteration

|                      |     |     |
|----------------------|-----|-----|
| 0-20,000 square feet | 3   | 3   |
| > 20,000 square feet | 5 4 | 5 4 |

Greenhouses in industrial M-1 to M-3, greater than 10,000 sq. ft., require only a Level 4 review, and that includes replacement, reconstruction or structural alteration (§13.10.342(B)). Greenhouses on CA and A land should also be subject to Level 4 review for the same activities if greater than 10,000 sq. ft.

To allow for caretaker's housing on a parcel with an existing greenhouse on CA land, which is required in §7.128.090 (E)(3), §13.10.650 (C)(4)(c) should be modified as follows:

Commercial cannabis cultivation shall not be allowed within one hundred (100) feet of any habitable structure on a neighboring parcel, except for greenhouses where there is an existing caretaker residential structure on adjacent parcels.

§13.10.650 (C)(4)(e), (f) and (g) should be modified by inserting greenhouses after "entirely indoors".

I will attend the Supervisors' special board meeting on February 5, 2018. If you have any questions regarding the above comments please contact me. Thank you for your consideration.

Sincerely



Kirk F. Schmidt

cc Supervisor Bruce McPherson  
Supervisor John Leopold  
Supervisor Zach Friend  
Supervisor Ryan Coonerty  
Supervisor Greg Caput

SCzBS Revised Ord 2-1-18.docx

Santa Cruz County Board of Supervisors

Feb. 5, 2018

Dear Supervisors,

The Planning Commission and Cannabis Licensing approval process has taken a dramatic turn. While I understand that some discretion to accommodate individual parcels makes sense, there is way too much discretionary freedom in the new ordinance.

By looking at each parcel as a separate licensing issue, there is no way to evaluate cumulative impacts over the landscape and over our county. This problem manifests in many ways.

How will the county evaluate cumulative impacts to wildlife, habitat, and water?

For example, killing woodrats on one parcel is much different than removing woodrats on hundreds of parcels and negatively affecting the food chain for much of our wildlife and owls.

How will the county evaluate cumulative impacts to neighborhoods? People living in rural neighborhoods will be unfairly affected by this new land use.

How will the county evaluate cumulative impacts of any future increase in licenses?

There was a provision described in the EIR that said only a certain small number of licenses would be approved and any further increase would be subject to environmental review. The new ordinance has no such language. The ability to review the effects of an increase in the number of licenses would be impossible under the new strategy as it too is a cumulative impact.

The Planning Dept. fears that not allowing legal grows in the mountains will return us to the era of black market grows that are more destructive than regulated ones. However, the taxes that will be collected on commercial grows on ag land will give them the resources they need to enforce the law in the mountains.

I don't understand why we are willing to put our limited resources at risk for the benefit of people who want to grow for profit and export, just because they enjoy doing it in the beautiful and diverse Santa Cruz mountains.

Thank you,  
Sandra Baron  
Watsonville, CA

EXHIBIT L

**BOARD OF FORESTRY AND FIRE PROTECTION**

P.O. Box 944246  
 SACRAMENTO, CA 94244-2460  
 Website: www.bof.fire.ca.gov  
 (916) 653-8007



August 23, 2017

**RE: Request to County Board of Supervisors to Appoint Authorized Designee to Review Less Than 3 Acre Conversion Exemptions**

Dear County Board of Supervisors,

The issue of conversion of timberland for the purposes of cannabis cultivation has been surfacing in the forum of the Board of Forestry and Fire Protection (Board) over the course of the last several years. In October of 2013, the Board organized a symposium on cannabis, and in September of 2016 the Board held a special workshop to investigate the potential environmental and public safety impacts of cannabis cultivation and Less Than 3 Acre Conversion Exemptions (Exemption). CAL FIRE has responded to these concerns with education of timberland owners, Registered Professional Foresters (RPF) and Licensed Timber Operators (LTOs) to prevent illegal conversions and enforcement to gain compliance where violations have been identified. However, the lack of county appointed authorized designees to review Exemptions was identified as an integral component of Exemption review that may be underutilized, consequently minimizing the opportunity to reduce the impacts listed later in this letter.

The conversion of timberland<sup>1</sup> to a use other than growing timber requires, prior to conversion, a Timberland Conversion Permit (or its equivalent) to be approved by CAL FIRE<sup>2</sup> or, if eligible, a Less Than 3 Acre Conversion Exemption (Exemption) to be accepted by CAL FIRE<sup>3</sup>.

The Board strives to cooperate with local, federal, and other state entities. In this context, the Board, pursuant to section (§) 1104.1(a)(1)(D) of title 14 of the California Code of Regulations (14 CCR), acknowledges the importance of county participation in land use decision making by giving the county the opportunity to determine that the proposed timberland conversion is in conformance with all county regulatory requirements through the incorporation of a signed and dated statement from an authorized designee of the County Board of Supervisors. When a county does not have an authorized designee, the county relinquishes this opportunity and it falls to the RPF preparing the Exemption to certify that the county has been contacted and the conversion is in conformance with county regulatory requirements. RPFs have communicated that this determination has been challenging because they may work in multiple counties, each of which may have different regulatory requirements.

Consequently, the Board encourages County Boards of Supervisors, if they have not already done so, to appoint an authorized designee to ensure land uses conform to county regulatory requirements. Recently chaptered laws<sup>4</sup> regarding medical and recreational cannabis cultivation, as well as comments received by the Board in respect to cannabis cultivation, has motivated the Board to reach out to counties to convey that local jurisdictions, under existing Board regulations, have the opportunity to appoint an authorized designee. An authorized designee provides counties with the opportunity to verify that project applicants have demonstrated a *bona fide* intent to convert land to a use other than growing timber<sup>5</sup> that conforms with county requirements.

<sup>1</sup> Appendix 1. Definition of Timberland pursuant to PRC § 4526. See also the definition for Timber Operations pursuant to PRC § 4527

<sup>2</sup> Appendix 2. Description of the application for conversion, pursuant to PRC §§ 4621, 4621.2 and 4622 and 14 CCR §§ 1100-1104, and CAL FIRE contact information.

<sup>3</sup> Appendix 3. Description of the Less Than 3 Acre Conversion Exemption pursuant to PRC § 4584(g), 14 CCR § 1104.1, summary, form, and CAL FIRE contact information.

<sup>4</sup> Appendix 4. Medical marijuana statute referencing the Board; Health and Safety Code (HSC) § 11362.769.

<sup>5</sup> Appendix 5. Regulatory requirements regarding intent to convert land to a use other than growing timber pursuant to PRC § 4623 and 14 CCR §§ 1100(b), 1104.1(a)(1)(E)(2.), 1104.1(a)(6) and 1105.2.

*The Board's mission is to lead California in developing policies and programs that serve the public interest in environmentally, economically, and socially sustainable management of forest and rangelands, and a fire protection system that protects and serves the people of the state.*

**EXHIBIT J**

The primary issues that have been raised, related to cannabis cultivation on timberland or lands converted from timber production, have been environmental impacts and threats to public safety. There has been an exponential increase in number and size of grow operations, thereby escalating the potential environmental impact and threat to public safety.

Potential individual and cumulative environmental impacts have been alleged to be severe and pervasive in localized areas. Evidence indicates that these impacts may include:

- Water diversions and water storage that cause environmental damage.
- Water diversions that decrease summer base flows and impact downstream water users.
- Erosion and sedimentation from extended and increased use of seasonal roads that heighten stress on aquatic species.
- Habitat loss and habitat fragmentation and inappropriate use of fertilizers and pesticides that impact sensitive species.
- Improper storage of fertilizers, pesticides, oil, diesel and gasoline that cause environmental damage.
- Improper soil stabilization that cause sediment to enter watercourses that degrade water quality and impact fish habitat.
- Deficient slash cleanup that increase the risk of catastrophic wildfire.
- Removal of trees that cause unmitigated impacts to long term carbon dioxide storage.
- Light pollution that impact biological and visual resources.
- Conflicting landowner objectives that impact the manageability on adjacent timberland.

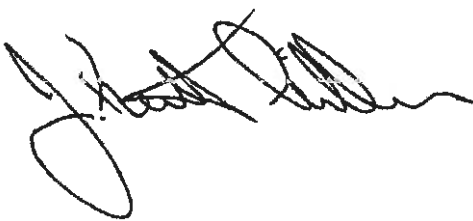
Potential public safety threats may include:

- Violence, associated with crop protection, that result in fatalities and serious injury.
- Inappropriate use of fertilizers and pesticides that impact the quality of domestic water.
- Accumulations of human waste and garbage that create a public health hazard.
- Improper fire clearance, substandard wiring and outdoor refuse burning, associated with grow encampments, that increase the risk of catastrophic wildfire.

While the Board is charged with the regulation of timber operations on timberland, which informs their approach to land use conversion and the use of an authorized designee in the conversion process, the Board appreciates the challenges counties face regarding land use. This request letter is focused on appointing a county authorized designee due to the increase in land conversion activities because of cannabis cultivation. However, since all land conversion activities (e.g. subdivision, single home, other agricultural, or industrial uses) can influence county operations, appointment of an authorized designee will ensure that the county is aware of all proposed timberland conversion activities, that timberland conversions conform with all applicable county regulatory requirements, and ultimately provide an effective mechanism for counties to increase control over land use within their jurisdiction.

If you have any questions or comments regarding this letter, please contact the Board's Executive Officer, Matt Dias at [matt.dias@bof.ca.gov](mailto:matt.dias@bof.ca.gov) or 916-653-8007.

Sincerely,



J. KEITH GILLES  
Chair, California Board of Forestry and Fire Protection

Enclosures (Appendixes 1-5)

cc: County Board of Supervisors Administrator and County Planning Administrator

**Appendix 1. Definition of Timberland and Timber Operations pursuant to PRC §§ 4526 and 4527.**

**PRC § 4526.**

"Timberland" means land, other than land owned by the federal government and land designated by the board as experimental forest land, which is available for, and capable of, growing a crop of trees of a commercial species used to produce lumber and other forest products, including Christmas trees. Commercial species shall be determined by the board on a district basis.

**PRC § 4527.**

(a)

- (1) "Timber operations" means the cutting or removal, or both, of timber or other solid wood forest products, including Christmas trees, from timberlands for commercial purposes, together with all the incidental work, including, but not limited to, construction and maintenance of roads, fuelbreaks, firebreaks, stream crossings, landings, skid trails, and beds for the falling of trees, fire hazard abatement, and site preparation that involves disturbance of soil or burning of vegetation following timber harvesting activities, but excluding preparatory work such as treemarking, surveying, or roadflagging.
- (2) "Commercial purposes" includes (A) the cutting or removal of trees that are processed into logs, lumber, or other wood products and offered for sale, barter, exchange, or trade, or (B) the cutting or removal of trees or other forest products during the conversion of timberlands to land uses other than the growing of timber that are subject to Section 4621, including, but not limited to, residential or commercial developments, production of other agricultural crops, recreational developments, ski developments, water development projects, and transportation projects.

(b) For purposes of this section, the removal of trees less than 16 inches in diameter at breast height from a firebreak or fuelbreak does not constitute "timber operations" if the removal meets all of the following criteria:

- (1) It is located within 500 feet of the boundary of an urban wildland interface community at high risk of wildfire, as defined in pages 751 to 776, inclusive, of Volume 66 of the Federal Register (66 FR 751-02), as that definition may be amended from time to time. For purposes of this paragraph, "urban wildland interface community at high risk of wildfire" means an area having one or more structures for every five acres.
- (2) It is part of a community wildfire protection plan approved by the department or part of a department fire plan.
- (3) The trees to be removed will not be processed into logs or lumber.
- (4) The work to be conducted is under a firebreak or fuelbreak project that has been subject to a project-based review pursuant to a negative declaration, mitigated negative declaration, or environmental impact report in compliance with the California Environmental Quality Act (Division 13 (commencing with Section 21000)). For projects to be conducted on forested landscapes, as defined in Section 754, the project and the project-based review shall be prepared by or in consultation with a registered professional forester.
- (5) The removal of surface and ladder fuels is consistent with paragraph (9) of subdivision (j) of Section 4584.

**Appendix 2. Description of the application for conversion pursuant to PRC §§ 4621, 4621.2 and 4622 and 14 CCR §§ 1100 to 1104.**

**PRC § 4621.**

(a) A person who owns timberlands that are to be devoted to uses other than the growing of timber shall file an application for conversion with the board. The board shall, by regulation, prescribe the procedures for, and the form and content of, the application. An application for a timberland conversion permit shall be accompanied by an application fee, payable to the department, in an amount determined by the board pursuant to subdivision (b).

(b) The board shall establish, by regulation, a system of graduated timberland conversion permit fees to finance the cost of administering this article.

(c) For purposes of this section, "growing of timber" shall include restoration and conservation forest management activities, which may include the removal of commercial species, if necessary to achieve specific forest health and ecological goals, including the restoration and conservation of oak woodlands, grasslands, wet meadows, and other ecologically important or unique habitats, that are not conducted in conjunction with the cutting or removal of trees or other forest products during the conversion of timberlands for other uses, including, but not limited to, residential or commercial developments, production of other agricultural crops, recreational developments, ski developments, water development projects, and transportation projects.

**PRC § 4621.2.**

(a) If the timberlands which are to be devoted to uses other than the growing of timber are zoned as timberland production zones under Section 51112 or 51113 of the Government Code, the application shall specify the proposed alternate use and shall include information the board determines necessary to evaluate the proposed alternate use. The board shall approve the application for conversion only if the board makes written findings that all of the following exist:

(1) The conversion would be in the public interest.

(2) The conversion would not have a substantial and unmitigated adverse effect upon the continued timber-growing use or open-space use of other land zoned as timberland preserve and situated within one mile of the exterior boundary of the land upon which immediate rezoning is proposed.

(3) The soils, slopes, and watershed conditions would be suitable for the uses proposed if the conversion were approved.

(b) The existence of an opportunity for an alternative use of the land shall not alone be sufficient reason for conditionally approving an application for conversion. Conversion shall be considered only if there is no proximate and suitable land which is not zoned as timberland production for the alternate use not permitted within a timberland production zone.

(c) The uneconomic character of the existing use shall not be sufficient reason for the conditional approval of conversion. The uneconomic character of the existing use may be considered only if there is no other reasonable or comparable timber-growing use to which the land may be put.

(d) In the event that the board delegates its responsibilities under this section to the director pursuant to Section 4627, the director shall make the written findings required by subdivision (a). In the event that the director denies a conversion, the applicant may request a hearing before the board within 15 days of the denial. The hearing shall be scheduled within 60 days from the filing of the appeal.

**PRC § 4622.**

Approval of an application for conversion shall be conditioned upon the granting of the necessary rezoning or use permit if rezoning or a use permit is required. Except as provided in Section 4584, all timber shall be cut pursuant to an approved conversion pursuant to Section 4581, excluding requirements for stocking and methods of silviculture, except that the timber harvesting plan required by that section need not be prepared by a registered professional forester, and no timber operations shall commence until the granting of such rezoning or use permit as may be required and until the timberland conversion permit is recorded in the county recorder's office in each county wherein the timberland to be converted is located.

**14 CCR § 1100. Definitions.**

The following are definitions of words and terms as used in this article:

(a) "Alternate Use" or "Alternative Use" means a proposed land use that is not a compatible use within a timberland production zone. (Reference: Section 51134(b), Government Code.)

(b) "Bona Fide Intention" or "bona fide intent" means a present, sincere intention of the applicant to conform with and successfully execute the conversion plan, as determined by the Director in accordance with provisions of Section 1105.2. (Reference: Section 4623, Public Resources Code.)

(c) "Coastal Commercial Timberlands" means timberland as defined in PRC § 4526, for those lands which lie within the coastal zone and outside a timberland production zone. (Reference: Sections 4526 and 30243, Public Resources Code.)

(d) "Coastal Zone" means those lands defined in PRC § 30103. (Reference: Section 30103, Public Resources Code.)

(e) "Compatible Use" means compatible use as defined in Gov. C. 51104(h) and 51201(e), as made specific by county or city ordinance adopted pursuant thereto. (Reference: Sections 51104(h) and 51201(e), Government Code.)

(f) "Contiguous" means two or more parcels of land that are adjoining or neighboring or are sufficiently near to each other, as determined by the County Board of Supervisors or City Council, that they are manageable as a single forest unit. (Reference: Section 51104(b), Government Code.)

(g) "Timberland Conversion" means:

(1) Within non-TPZ timberland, transforming timberland to a nontimber growing use through timber operations where:

(A) Future timber harvests will be prevented or infeasible because of land occupancy and activities thereon; or

(B) Stocking requirements of the applicable district forest practice rules will not be met within five years after completion of timber operations; or

(C) There is a clear intent to divide timberland into ownerships of less than three acres (1.214 ha.).

(2) Within TPZ lands, the immediate rezoning of TPZ lands, whether timber operations are involved or not, except as exempt from a timberland conversion permit under 14 CCR § 1104.1.

(h) "Conversion Permit" means the timberland conversion permit, issued by the Director or the Board upon appeal, approving the application for timberland conversion and authorizing a conversion of timberland to use or uses other than the growing of timber. (Reference: Sections 4622, 4624, 4624.5 and 4625, Public Resources Code.)

(i) "Government Agency" means the State or any department, agency, or public body thereof, a city or county, public corporation, municipal corporation, or public district. (Reference: Sections 21062 and 21063, Public Resources Code.)

(j) "Immediate Rezoning" means a change in zoning for land use by the appropriate county or city having jurisdiction of an area within a TPZ to allow an alternative use pursuant to Article 4 (commencing with Section 51130) of Chapter 6.7, Part 1, Division 1, Title 5 of the Government Code. (Reference: Section 4526, Public Resources Code; Section 51130, Government Code.)

(k) "Land Parcel" means a piece of land under one ownership where no part is completely separated from any other part by a different fee ownership.

(l) "Parcel" means parcel as defined in Section 51104(i) of the Government Code.

(m) "Timberland" means timberland as defined in PRC § 4526, for land outside a timberland production zone.

"Timberland" means timberland as defined in Gov. C. 51104(f), for land within a timberland production zone. (Reference: Section 4526, Public Resources Code; Section 51104(f), Government Code.)

(n) "Timberland Production Zone" or "TPZ" means timberland production zone as defined in Gov. C. 51104(g). (Reference: Section 51104(g), Government Code.)

#### **14 CCR § 1101. Purpose.**

The purpose of these regulations is to interpret and make specific certain provisions of the Z'berg-Nejedly Forest Practice Act of 1973, contained in Chapter 8 (commencing with Section 4511) of Part 2, Division 4 of the Public Resources Code; the Environmental Quality Act of 1970, contained in Division 13 (commencing with Section 21000) of the Public Resources Code; portions of the Z'berg-Warren-Keene-Collier Forest Taxation Reform Act of 1976 (Chapter 176, California Statutes of 1976), contained in Chapter 67 (commencing with Section 51100) or Part 1, Division 1, Title 5 of the Government Code; the California Coastal Act of 1976, contained in Division 20 (commencing with Section 30000) of the Public Resources Code; and the Public Records Act, contained in Chapter 3.5 (commencing with Section 6250) of Division 7, Title 1 of the Government Code. These regulations pertain to the conversion of certain timber-growing lands to a use or uses other than the growing of timber.

#### **14 CCR § 1102. Authority Delegated to Director.**

The Board delegates its authority and responsibilities to the Director for administration of Article 9 (commencing with Section 4621) of Chapter 8, Part 2, Division 4 of the Public Resources Code, and Article 4 (commencing with Section 51130) of Chapter 6.7, Part 1, Division 1, Title 5 of the Government Code, and the administrative regulations adopted pursuant to each of the above cited authorities, except that all hearings thereunder shall be before the Board.

#### **14 CCR § 1103. Conversion of Timberland.**

Any person, firm, corporation, company, partnership or government agency owning timberland for which the timberland owner proposes conversion as defined in Section 1102 shall apply to the Director on a form prescribed by him for issuance of a Timberland Conversion Permit.

Note: Authority cited: Sections 4621 and 4627, Public Resources Code. Reference: Section 4621, Public Resources

#### **14 CCR § 1103.1. Prohibited Activity.**

(a) No timber operations or other conversion activities shall be conducted on timberland which is proposed to be converted to a use other than the growing of timber unless a conversion permit has been issued by the Director or the Board upon appeal and the permit has been recorded in compliance with 14 CCR 1107.4(a).

(b) No timber operations shall be conducted on timberland for which a conversion permit has been issued until a Timber Harvesting Plan has been filed with, and found in conformance by, the Director in accordance with Article 7 (commencing

with Section 4581) of Chapter 8, Part 2, Division 4 of the Public Resources Code and the rules and regulations of the Board issued pursuant thereto.

(c) The timberland owner shall provide each timber operator copies of both the recorded conversion permit, and recorded amendments thereto, and the approved Timber Harvesting Plan. Copies of said documents shall be conveniently available for inspection at all times during timber operations conducted pursuant to said conversion permit.

**14 CCR § 1103.2. Public Records.**

All applications, forms, documents, correspondence, maps, photographs, and other materials submitted to the Director or Board relating to an application for conversion are public records pursuant to the provisions of the Public Records Act, contained in Chapter 3.5 (commencing with Section 6250) of Division 7, Title 1 of the Government Code.

**14 CCR § 1104. Operations Requiring Conversion Permit.**

Except as exempted by Sections 1104.1 and 1104.2 of this article a timberland conversion permit issued by the Director is required for conversion of timberland as defined in Section 1100. Issuance of the Timberland Conversion Permit to the timberland owner must be completed before conversion operations begin. "Conversion operations" include final immediate rezoning of timberland production zone lands, and timber operations as defined in PRC 4527 on nontimberland production zone timberlands.

**The CAL FIRE contact for the application for conversion is the THP Administration Manager who can be reached at 916-531-2173 or [Bill.Solinsky@fire.ca.gov](mailto:Bill.Solinsky@fire.ca.gov)**

**Appendix 3. Description of the Less Than 3 acre Conversion Exemption pursuant to PRC § 4584(g), 14 CCR § 1104.1, summary, and form.**

**PRC § 4584.**

Upon determining that this exemption is consistent with the purposes of this chapter, the board may exempt from this chapter, or portions of this chapter, a person engaged in forest management whose activities are limited to any of the following:

(g)

(1) The one-time conversion of less than three acres to a nontimber use. A person, whether acting as an individual, as a member of a partnership, or as an officer or employee of a corporation or other legal entity, shall not obtain more than one exemption pursuant to this subdivision in a five-year period. If a partnership has as a member, or if a corporation or other legal entity has as an officer or employee, a person who has received this exemption within the past five years, whether as an individual, as a member of a partnership, or as an officer or employee of a corporation or other legal entity, then that partnership, corporation, or other legal entity is not eligible for this exemption. "Person," for purposes of this subdivision, means an individual, partnership, corporation, or other legal entity.

(2)

(A) Notwithstanding Section 4554.5, the board shall adopt regulations that do all of the following:

(i) Identify the required documentation of a bona fide intent to complete the conversion that an applicant will need to submit in order to be eligible for the exemption in paragraph (1).

(ii) Authorize the department to inspect the sites approved in conversion applications that have been approved on or after January 1, 2002, in order to determine that the conversion was completed within the two-year period described in subparagraph (B) of paragraph (2) of subdivision (a) of Section 1104.1 of Title 14 of the California Code of Regulations.

(iii) Require the exemption pursuant to this subdivision to expire if there is a change in timberland ownership. The person who originally submitted an application for an exemption pursuant to this subdivision shall notify the department of a change in timberland ownership on or before five calendar days after a change in ownership.

(iv) The board may adopt regulations allowing a waiver of the five-year limitation described in paragraph (1) upon finding that the imposition of the five-year limitation would impose an undue hardship on the applicant for the exemption. The board may adopt a process for an appeal of a denial of a waiver.

(B) The application form for the exemption pursuant to paragraph (1) shall prominently advise the public that a violation of the conversion exemption, including a conversion applied for in the name of someone other than the person or entity implementing the conversion in bona fide good faith, is a violation of this chapter and penalties may accrue up to ten thousand dollars (\$10,000) for each violation pursuant to Article 8 (commencing with Section 4601).

**14 CCR § 1104.1. Conversion Exemptions.**

Timber operations conducted under this subsection shall be exempt from conversion permit and timber harvesting plan requirements of this article except no tree that existed before 1800 A.D and is greater than sixty (60) inches in diameter at stump height for Sierra or Coastal Redwoods, and forty-eight (48) inches in diameter at stump height for all other tree species shall be harvested unless done so under the conditions or criteria set forth in subsection 1104.1(i). Timber operations shall comply with all other applicable provisions of the Z'berg-Nejedly Forest Practice Act, regulations of the Board and currently effective provisions of county general plans, zoning ordinances and any implementing ordinances. The Notice of Conversion Exemption Timber Operations shall be considered synonymous with the term "plan" as defined in 14 CCR 895.1 when applying the operational rules and regulations of the Board.

(a) This conversion exemption is applicable to a conversion of timberland to a non-timber use only, of less than three acres in one contiguous ownership, whether or not it is a portion of a larger land parcel and shall not be part of a THP. This conversion exemption may only be used once per contiguous land ownership. No person, whether acting as an individual, acting as a member of a partnership, or acting as an officer or employee of a corporation or other legal entity, may obtain more than one exemption pursuant to this section in a five-year period. If a partnership has as a member, or if a corporation or any other legal entity has as an officer or employee, a person who has received this exemption within the past five years, whether as an individual or as a member of a partnership, or as an officer or employee of a corporation or other legal entity, then that partnership, corporation, or other legal entity is not eligible for this exemption. "Person," for purposes of this section, means an individual, partnership, corporation, or any other legal entity.

(1) A Notice of Conversion Exemption Timber Operations (notice) must be prepared by an RPF and submitted to the Director. The notice shall contain the following:

(A) the names, addresses, and telephone numbers of the timber owner, owner of the timberland to be converted, RPF, timber operator, and the submitter of the Notice of Conversion Exemption Timber Operations;

- (B) legal description of the area where the timber operation is to be conducted, showing section, township, range, county and assessor parcel number;
- (C) maps showing the ownership boundaries, the location of the timber operation, boundaries of the conversion, access routes to operation, location and classification of all watercourses, and landing locations;
- (D) incorporation of a signed and dated statement from the authorized designee of the County Board of Supervisors stating that the conversion is in conformance with all county regulatory requirements, including county public notice requirements. When counties do not have an authorized designee, the RPF shall certify that the county has been contacted and the conversion is in conformance with county regulatory requirements (this may be incorporated into the notice);
- (E) incorporation of a statement by the owner of the timberland to be converted:
  - 1. certifying that this is a one-time conversion to non-timberland use,
  - 2. certifying that after considering the owner's own economic ability to carry out the proposed conversion and the feasibility evaluation required by 14CCR 1104.1(a)(6) that there is "bona fide intent", as defined in CCR 1100(b), to convert,
  - 3. specifying what the non-timberland use will be after conversion, and
  - 4. certifying and declaring under penalty of perjury that he/she whether acting as an individual, acting as a member of a partnership, or acting as an officer or employee of a corporation or other legal entity, has not obtained an exemption pursuant to this section in the last five years unless a waiver has been granted pursuant to 1104.1(a)(9); and
- (F) signature of the submitter, timberland owner responsible for the conversion, the timber operator, and the RPF.

(2) The following conditions apply to conversion exemption timber operations:

- (A) All timber operations shall be complete within one year from the date of acceptance by the Director.
- (B) All conversion activities shall be complete within two years from the date of acceptance by the Director unless under permit by local jurisdiction. Failure to timely complete the conversion shall require compliance with stocking standards of PRC 4561 and stocking report requirements of Forest Practice Act and Board regulations.
- (C) The RPF or supervised designee shall visit the site and flag the boundary of the conversion exemption timber operation and flag any applicable WLPZs and equipment limitation zones.
- (D) This section refers to slash and woody debris resulting from timber operations associated with conversion exemptions. The timber operator shall be the responsible party for the treatment of logging slash and woody debris. Responsibility for treatment of logging slash and woody debris may be assumed by the landowner, provided that the landowner acknowledges in writing to the Director at the time of notice such responsibility and specific slash and woody debris treatment requirements and timing.
  - 1. Unless otherwise required, slash greater than one inch in diameter and greater than two feet long, and woody debris, except pine, shall receive full treatment no later than April 1 of the year following its creation, or within one year from the date of acceptance of the conversion exemption by the Director, whichever comes first.
  - 2. All pine slash three inches and greater in diameter and longer than four feet must receive initial treatment if it is still on the parcel, within 7 days of its creation.
  - 3. All pine woody debris longer than four feet must receive an initial treatment prior to full treatment.
  - 4. Initial treatment shall include limbing woody debris and cutting slash and woody debris into lengths of less than four feet, and leaving the pieces exposed to solar radiation to aid in rapid drying.
  - 5. Full treatment of all pine slash and woody debris must be completed by March 1 of the year following its creation, or within one year from the date of acceptance of the conversion exemption by the Director, whichever comes first.
  - 6. Full slash and woody debris treatment may include any of the following:
    - a. burying;
    - b. chipping and spreading;
    - c. piling and burning; or
    - d. removing slash and woody debris from the site for treatment in compliance with (a)-(b). Slash and woody debris may not be burned by open outdoor fires except under permit from the appropriate fire protection agency, if required, the local air pollution control district or air quality management district. The burning must occur on the property where the slash and woody debris originated.
  - 7. Slash and woody debris, except for pine, which is cut up for firewood shall be cut to lengths 24 inches or less and set aside for drying by April 1 of the year following its creation. Pine slash and

woody debris which is cut up for firewood shall be cut to lengths 24 inches or less and set aside for drying within seven days of its creation.

All treatment work must be completed prior to the expiration date for the conversion exemption.

8. Any treatment which involves burning of slash or woody debris shall comply with all state and local fire and air quality rules.

9. This section does not supersede more restrictive treatments or time frames within a Forest district or subdistrict.

(E) Timber operations may be conducted during the winter period. Tractor operations in the winter period are allowed under any of the following conditions:

1. During dry, rainless periods but shall not be conducted on saturated soil conditions that may produce significant sediment discharge. Erosion control structures shall be installed on all constructed skid trails and tractor roads prior to sunset if the National Weather Service forecast is a "chance" (30% or more) of rain within the next 24 hours.

2. When ground conditions in the conversion exemption area and appurtenant roads satisfy the "hard frozen" definitions in 14 CCR 895.1.

3. Over-snow operations where no soil disturbance occurs.

(F) No timber operations within a WLPZ unless specifically approved by local permit (e.g. County, City).

(G) The timber operator shall not conduct timber operations until receipt of the Director's notice of acceptance. Timber operations shall not be conducted without a valid on-site copy of the Director's notice of acceptance of operations and a copy of the Notice of Conversion Exemption Timber Operations as filed with the Director.

(H) No sites of rare, threatened or endangered plants or animals shall be disturbed, threatened or damaged and no timber operations shall occur within the buffer zone of a sensitive species as defined in 14 CCR 895.1.

(I) No timber operations on significant historical or archeological sites, except under the following conditions:

1. If a significant archeological site is identified by the RPF preparing the Notice of Conversion Exemption within the project boundary, the site may be preserved in place by capping or covering with a layer of soil prior to submission.

a. If a site has been preserved in place, the RPF preparing the Notice of Conversion Exemption shall obtain written concurrence from a Department Archeologist prior to submission indicating operations will not cause damage to a significant archeological site.

b. The written concurrence from a Department Archeologist shall be submitted with the Notice of Conversion Exemption.

(J) The RPF and the timber operator shall meet (on-site, or off-site) if requested by either party to ensure that sensitive on-site conditions and the intent of the conversion regulations such as, but not limited to, slash disposal, will be complied with during the conduct of timber operations.

(3) A neighborhood notification of conversion exemption timber operations shall be posted on the ownership visible to the public by the RPF or supervised designee, at least 5 days prior to the postmark date of submission of the Notice of Conversion Exemption Timber Operations to the Director. The date of posting shall be shown on the neighborhood notice. In addition, immediately prior to the submission of the exemption to the Director, the landowner shall mail a letter to adjacent landowners within 300 feet of the boundaries of the exemption, and to Native Americans, as defined in 895.1 notifying them of the intent to harvest timber. The mailed letter of notice and the posted notice shall contain the following information on a form prepared by the RPF:

(A) the name, address and telephone number of the timberland owner, the timber operator, the agency of the county responsible for land use changes and the designated representative; if any, and the RPF;

(B) the location of the project, parcel number, street address, section, township and range, and;

(C) A statement explaining that this is a conversion from timberland use to a new land use, what the new land use will be, and that the maximum size is less than three acres.

(4) The Director shall determine if the Notice of Conversion Exemption Timber Operations is complete and accurate within fifteen days from the date of receipt.

(A) If the Notice of Conversion Exemption Timber Operations is not complete and accurate it shall be returned to the submitter identifying the specific information required. When found complete and accurate, the Director shall immediately send a notice of acceptance of operations to the submitter.

(5) The timberland owner shall, within one month from the completion of conversion exemption timber operations, which includes all slash disposal work, submit a work completion report to the Director.

(6) The timberland owner shall, using the services of an RPF to the extent the information required is within the scope of professional forestry practice, provide information documenting that the conversion to the stated non-timber use is feasible based upon, at a minimum, the following:

(A) the extent of the vegetation removal and site preparation required for the conversion;

(B) the suitability of soils, slope, aspect, and microclimate for the stated non-timber use;

- (7) The Department shall provide for inspections, as needed, to determine that the conversion was completed.
- (8) The notice shall expire if there is any change in timberland ownership.
- (A) If the conversion has not been completed, the timberland owner on the notice shall notify the Department of the change in timberland ownership on or before 5 calendar days after a change in ownership.
- (B) If operations have been conducted, but not completed under the exemption, the timberland owner on the notice shall notify the new timberland owner at least 15 days prior to the sale of the timberland of the requirements under 14CCR 1104.1(a)(8)(C).
- (C) If operations have been conducted, but not completed under the exemption, the new timberland owner shall:
1. submit a new notice, or
  2. comply with the following:
    - a. harvest no additional timber;
    - b. meet stocking requirements of 14CCR 1104.1(a)(2)(B);
    - c. dispose of the slash created under the exemption activities according to 14CCR 1104.1(a)(2)(D);
    - d. provide erosion control for skid trails, roads, landings, and disturbed areas as required by the Forest Practice Rules.
    - e. submit a report within 90 days of the change of timberland ownership that items a through d above were completed.
- (9) A timberland owner may request a waiver to the five-year limitation described in 14 CCR 1104.1(a). The Director may grant the waiver upon finding that one of the following conditions exist:
- (A)
1. the construction of a building approved by the appropriate county/city permitting process is listed in the accepted Notice of Conversion Exemption Timber Operations as the non-timberland use after the conversion, and
  2. the timberland owner demonstrates to the Director that substantial liabilities for building construction have been incurred on each conversion exemption that the timberland owner has received in the last 5 years at the time the waiver is requested, and
  3. operations conducted on all exemptions issued to the timberland owner within the past 5 years, prior to the time the waiver is requested, have been conducted in a manner that meets or exceeds the intent of the Act and rules or any corrective work required by the Director has been satisfactorily completed.
- (B) the change of ownership which caused the previous notice to expire was not the result of the sale of the timberland and the new timberland owner provides information demonstrating that the imposition of the 5-year limitation described in 14 CCR 1104.1(a) would impose an undue hardship on the timberland owner.
- (C) the notice has expired and no operations have been conducted.
- (D) The timberland owner provides an explanation and justification for the need of a waiver that demonstrates that the imposition of the 5-year limitation described in 14 CCR 1104.1(a) would impose an undue hardship on the timberland owner.

## SUMMARY

The current process, associated with the acceptance of three (3) acre conversion exemption notice(s) (Notice) is ministerial. A RPF must prepare a Notice, on a form provided by the Department of Forestry and Fire Protection (the Department) to facilitate the provision of information pursuant to the Board's rules (14 CCR § 1104.1). This includes certification that there is a bona fide intent to convert, specifically what the land is being converted to and that a letter of notice of intent to harvest timber has been mailed to all adjacent landowners within 300 feet of the boundaries of the exemption. Additionally, the RPF must certify that, if the County Board of Supervisors has not designated a representative authorized to make a declaration that the conversion exemption is in conformance with all county regulatory requirements, that the County has been contacted and the Notice is in conformance with county regulations.

## FORM

The LESS THAN 3 ACRE CONVERSION EXEMPTION FORM can be downloaded from the following site:  
[http://calfire.ca.gov/resource\\_mgt/resource\\_mgt\\_EPRP\\_TimberlandConversions](http://calfire.ca.gov/resource_mgt/resource_mgt_EPRP_TimberlandConversions)

The CAL FIRE contact for the Less Than 3 acre Conversion Exemption is the local CAL FIRE Unit, a partial list of which is available at <http://calfire.ca.gov/general/units>

#### **Appendix 4. Medical marijuana statute referencing the Board; Health and Safety Code (HSC § 11362.769)**

##### **HSC § 11362.769.**

Indoor and outdoor medical cannabis cultivation shall be conducted in accordance with state and local laws. State agencies, including, but not limited to, the Department of Food and Agriculture, the State Board of Forestry and Fire Protection, the Department of Fish and Wildlife, the State Water Resources Control Board, the California regional water quality control boards, and traditional state law enforcement agencies shall address environmental impacts of medical cannabis cultivation and shall coordinate, when appropriate, with cities and counties and their law enforcement agencies in enforcement efforts.

#### **Appendix 5. Regulatory requirements regarding intent to convert land to a use other than growing timber pursuant to PRC § 4623 and 14 CCR §§ 1100(b), 1104.1(a)(1)(E)(2.), 1104.1(a)(6) and 1105.2.**

##### **PRC § 4623.**

The application shall be accompanied by an affidavit by the applicant that the applicant has a present bona fide intent to convert the land to a use other than timber growing. The board may require such additional proof of intent to convert as it deems necessary.

##### **14 CCR § 1100(b)**

... "Bona Fide Intention" or "bona fide intent" means a present, sincere intention of the applicant to conform with and successfully execute the conversion plan, as determined by the Director in accordance with provisions of Section 1105.2. (Reference: Section 4623, Public Resources Code.)...

##### **14 CCR § 1104.1(a)(1)(E)(2.)**

...certifying that after considering the owner's own economic ability to carry out the proposed conversion and the feasibility evaluation required by 14CCR 1104.1(a)(6) that there is "bona fide intent", as defined in CCR 1100(b), to convert,...

##### **14 CCR § 1104.1(a)(6)**

...The timberland owner shall, using the services of an RPF to the extent the information required is within the scope of professional forestry practice, provide information documenting that the conversion to the stated non-timber use is feasible based upon, at a minimum, the following:...

##### **14 CCR § 1105.2.**

The Director shall determine the applicant's bona fide intention to convert in light of the present and predicted economic ability of the applicant to carry out the proposed conversion; the environmental feasibility of the conversion, including, but not limited to, suitability of soils, slope, aspect, quality and quantity of water, and micro-climate; adequacy and feasibility of possible measures for mitigation of significant adverse environmental impacts; and other foreseeable factors necessary for successful conversion to the proposed land use.



Community Prevention Partners of Santa Cruz County  
A Drug Free Communities Coalition

February 2, 2018

Dear Members of the Board,

Community Prevention Partners of Santa Cruz County would like to commend the staff on their diligent work and community collaboration in the development of an Unincorporated Santa Cruz County Cannabis Cultivation, Manufacturing and Distribution Ordinance, Chapter 7.128, and the zoning amendments in 13.10.

As a youth substance use prevention coalition, we particularly appreciate the care that went into making sure that cannabis, at all stages, is secure and not visible to the general public in order to prevent diversion and promotion to youth. We would also like to re-enforce the importance of maintaining set-backs from sensitive areas (schools, daycares, youth centers, libraries, alcohol and drug treatment centers, and parks) by at least 600 feet (preferably 1000 feet), as is currently written in 13.10. Set-backs help to limit access to youth and prevent saturation in the community.

Some proposed updates to strengthen the ordinances include:

**7.128.110: Cannabis Cultivation Licenses**

- Add *"No alcohol, narcotics, or cannabis consumption on site"* to the restrictions section in **7.128.110: Cannabis Cultivation Licenses, Section (D)** (p. 19-20), to mirror the same restriction for manufacturing and distribution sites.
- Add *"failure to conduct operations in a manner that ensures securing and safeguards against diversion of cannabis to minors"* to the list of reasons for denying or revoking a license to Section A of **7.128.170: Denial or revocation of licenses, remedies** (p. 26-28).
- Add product and packaging restrictions to limit youth appeal to **7.128.130 Cannabis Manufacturing Licenses, section (B) Restrictions Related to Cannabis Manufacturing Operations** (p. 20-23) to specifically include: "no production of edibles in the shape of a human, animal, or fruit (New CO rule) and no packaging that "includes cartoons or caricatures using comically exaggerated features, animals or anthropomorphized creatures, and connection with sports, music, or celebrities with youth appeal," to augment and add further detailed examples to the State rule of not producing edibles or packaging that "have appeal to children."
- Add no on-site advertising is allowed at cultivation sites, other than one business identification sign that complies with all existing rules and restrictions regarding signs as written in the existing ordinance. **7.128.130 Cannabis Manufacturing Licenses, section D) Restrictions Related to Cannabis Manufacturing Operations** (p. 19)
- Add the disallowance of individuals between the ages of 18-20 in all facilities with the exception of those employed in a cultivation facility. Section A of **7.128.170: Denial or revocation of licenses, remedies (9)** (p. 27).

EXHIBIT L



Community Prevention Partners of Santa Cruz County  
A Drug Free Communities Coalition

- **7.128.110 Cannabis cultivation licenses, section (C), Canopy limits (p. 17)** The C4 recommendations focused on “Keeping it local and small”, in order to limit the opportunities for commercial industry, such as tobacco, in years come. While the proposed co-location allows for more individuals to be licensed, it creates large parcels of cannabis that appeal to large industry, that limits the ability of local growers to stay competitive in the market.

In the most recent version of **7.128** there is no longer direction for a program to provide cannabis access to low/no income patients at low/no cost. The cannabis industry in Santa Cruz County is integrally connected to these patients, who have seen an increase in quality of life and health from cannabis, but who cannot afford the high price of purchasing specialized cannabis products and the cannabis amounts necessary to meet their health needs. Having some sort of tax relief or tax incentive could help cannabis businesses continue to give to this vulnerable population, creating a true compassionate use program in Santa Cruz County.

**13.10.650 Santa Cruz County Code**

- Retaining setbacks for habitable structures as identified in the current ordinance (G)(3)(b): Cannabis shall not be cultivated within two hundred (200) feet of any habitable structure on a neighboring parcel. No exception shall be granted allowing a setback of less than one hundred (100) feet of a habitable structure on a neighboring parcel. **13.10.650 Santa Cruz County Code, section VII. (C)(4)(c) (pg. 19)**
- Adding language from existing ordinance to **13.10.650 Santa Cruz County Code, section VII. (C)(4)(p) (pg. 20)**, If the Licensing Official is prepared to authorize such an exception, the Licensing Official must first require owners and occupants of all parcels within at least 300 feet of the parcel at issue to be notified and given an opportunity to be heard in a public forum before making a decision.

The extensive research, stakeholder collaboration, and intended goals of protecting youth, neighborhoods, environment, patients, and health, while supporting jobs, the local economy, and the newly regulated cannabis industry are evident in this ordinance. We look forward to continuing to work together to track the impact of these policies.

Sincerely,

Jennifer O'Brien-Rojo  
Chair  
Community Prevention Partners

EXHIBIT L



Department of Veterans Affairs

**AUTHORIZATION AND INVOICE FOR MEDICAL AND HOSPITAL SERVICES**

This information is collected under the authority of Title 38 1703, 1725 and 1728. In accordance with section 3507 of the Paperwork Reduction Act of 1995, we may not conduct or sponsor, and you are not required to respond to, a collection of information unless it displays a valid OMB number. We anticipate that the time expended by all individuals who must complete this invoice will average 2 minutes. This includes the time it will take to read instructions, gather the necessary facts and fill out the form. The purpose of this form is to authorize medical treatment and provide a means to bill for this service although private providers may also use local billing forms or UB (Uniform Billing) Forms 92. Submission of this form is voluntary and failure to respond will have no impact on benefits to which you may be entitled. Comments regarding this burden estimate or any other aspect of this collection, including suggestions for reducing the burden, may be addressed by calling the Health Benefits Contact Center at 1-877-222-8387.

|                                                                                                                                                                    |                                                                                      |                                                                               |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| 1A. DATE OF ISSUE<br><b>3/16/17</b>                                                                                                                                | 1B. ISSUING OFFICE<br>PAVA Health Care System<br>3801 Miranda Ave, Palo Alto CA94304 | 1C. DATE OF ISSUE (Month, day, year)<br><b>3/16/17</b>                        |
| 2. NAME OF PHYSICIAN OR FACILITY<br>National Center for PTSD<br>Substance and Anxiety Intervention Laboratory<br>795 Willow Road (152-MPD)<br>Menlo Park, CA 94025 |                                                                                      | 1D. VETERAN'S NAME (First, middle initial, last)<br><b>Elliott W. Crowder</b> |
| 3. VETERAN'S CLAIM NUMBER<br>C- [REDACTED]                                                                                                                         |                                                                                      | 4. SOCIAL SECURITY NUMBER<br>[REDACTED]                                       |
| 5. AUTHORIZATION VALID<br>FROM <b>3/16/17</b> TO <b>4/16/17</b>                                                                                                    |                                                                                      |                                                                               |

**PART I - SERVICES AUTHORIZED**

|                                                                                                                                                                                                  |  |  |                                                          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|----------------------------------------------------------|
| 6. SERVICES SHOWN BELOW AUTHORIZED FOR PERIOD INDICATED IN ITEM 5 ABOVE. (See special provisions on back of form.)<br>For participation in research "CBT-I/Cannabis Use" <b>completion bonus</b> |  |  | 7. FEE<br>\$ <b>60.00</b>                                |
| 8. FEE SCHEDULE OR CONTRACT                                                                                                                                                                      |  |  | 9A. AUTHORITY                                            |
| 11. FISCAL SYMBOLS<br>38 640-D70007                                                                                                                                                              |  |  | 12. AUTHORIZED BY (Name and Title)<br><b>[Signature]</b> |
| 10. ESTIMATED AMOUNT<br><b>60.00</b>                                                                                                                                                             |  |  |                                                          |

**PART II - INVOICE**

|                                                            |                                                                                                                                                                                                                                                                                                                       |                                           |
|------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|
| 13. DATE(S) OF SERVICE<br>MONTH DAY YEAR<br><b>3/16/17</b> | 14. DESCRIPTION OF SERVICE (If services furnished are identical to those authorized, enter the remark "As Authorized Above" in this column. Otherwise, itemize services.)<br>SERVICE FURNISHED<br>as authorized above<br><b>my cell phone (831) 251-9852</b><br><b>Take part A PTSD - just the study group for VA</b> | 15. FEE CLAIMED AMOUNT<br>\$ <b>60.00</b> |
| 15A. SOCIAL SECURITY NO OR EMPLOYER ID NO                  | 16. BILLING DATE<br><b>3/16/17</b>                                                                                                                                                                                                                                                                                    | 17. TOTAL CLAIMED<br>\$ <b>60.00</b>      |

**PART III - FOR VA USE ONLY**

|                                                                                                                                                                                                 |                             |                    |                               |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|--------------------|-------------------------------|
| ADMINISTRATIVE CERTIFICATION<br>Payment of this will not cause payee to exceed maximum amount allowed. Services have been furnished as authorized or medically approved except as stated below. | AUDIT BLOCK                 |                    |                               |
|                                                                                                                                                                                                 | AMOUNT DUE<br>\$ [REDACTED] | DATE<br>[REDACTED] | VOUCHER AUDITOR<br>[REDACTED] |
|                                                                                                                                                                                                 | REMARKS<br>[REDACTED]       |                    |                               |
| SIGNATURE AND TITLE<br><b>[Signature] HSS</b>                                                                                                                                                   | DATE<br><b>3/16/17</b>      |                    |                               |

**PART IV - ACCOUNTING BLOCK**

|            |         |     |     |     |        |               |               |
|------------|---------|-----|-----|-----|--------|---------------|---------------|
| ION PAT NO | TC & SC | CPF | LIQ | AMT | 1ST SA | \$ [REDACTED] | DATE/INITIALS |
|            |         |     |     |     | 2ND SA | \$ [REDACTED] |               |

- The County argues that Substituting the CEQA statutory exemption (SB94) rather than completing certification of the EIR, allows the Cannabis Regulations to be adopted and implemented quickly, without spending the time necessary to defend a certified Final EIR.

This is exactly what I am arguing against as the County needs to defend all the EIR requirements which are necessary.

Slow this process down and allow time to adequately implement all Environmental issues through the EIR process, and give a detailed analysis of the mitigation procedures.

The emphasis on speed and the belief that these codes will greatly reduce the illegal Black Market can be shown to be in doubt. Delay your decision on this complex issue until fully meeting the concerns of the EIR.

History has shown little regard for following any rules and regulations by the majority of people involved in the Cannabis industry. The amount of money involved in this industry is hard to imagine and quantify.

The Draft EIR stated the value of the current Cannabis crop at quote "250 to 300 million dollars" already, and "maybe much higher". The county's most valuable traditional crop (strawberries) is valued at only "219 million dollars" making this Cannabis issue extremely concerning if it cannot be brought into legal compliance completely.

Just the political power of these growers is an issue which needs to be addressed as it can result in invalid reasoning in implementing these codes.

It suspiciously looks like it has already wielded said power to expand the allowed areas and relax many other environmental issues.

We need the Environmental Impact Report to be finished and Certified.

The black market needs to be stopped completely or these Codes are of of limited value and the huge environmental damages will continue. During a crack down and a “clean up” of the mess that currently exists there needs to be a requirement that the property owner has to be held accountable both legally and monetarily to a much greater extent so it won't pay to be illegal.

The fines collected from enforcement would be huge and would adequately cover the costs of the environmental clean up. 250 to 300 millions dollars being made here already and we can't rake in some of it to protect our community? Who is making this money? Time to bring this to the surface through strict legal enforcement not just code abatement.

We need to stop the belief that these proposed ordinances will mitigate environmental issues by discretionary means. This thinking has been demonstrably wrong every time it was used in the past. It will just magnify a cannabis environmental problem brought on by the County itself which has shown the unwillingness to enforce its Cannabis ordinances.

Postpone this decision for a reasonable time to get proper public input for an EIR.

The history of Santa Cruz County concerning the enforcement and regulation of Cannabis cultivation is one of mistake after mistake.

The influx of out of state entities into our area is causing a drastic environmental change throughout the rural mountain areas. During the last 3 plus years Cannabis growers in the mountain regions have greatly impacted the quality of life and seem to be hostile towards and bothered by the residents.

To start with, because there are so many unknowns, the County has very little integrity anywhere close to reality for making a lot of the environmental assumptions and mitigation procedures which are supposedly to be included on a discretionary basis in these codes alone.

We need the full EIR process.

The County relies largely on the “growers” and Cannabis organizations for a large part of its input to form these regulations which in itself is a conflict of interest and should be of great concern and looked at as highly suspect.

There seems to be an ongoing conflict between the small growers interests and the larger growers interests.

The whole slant of the Counties argument for speed seems to be geared towards the idea that it will result in the legalization of the existing and future activities and discourage the black market in the cultivation and sale of cannabis products.

An EIR should address the very real and highly probable fact that this will not occur. Then what?

In fact, the Black Market will likely flourish and grow as the costs associated with the legal cultivation and regulation from all of the State and County agencies will drastically increase the costs of business for these legal enterprises over the black market costs, not to mention their tax ramifications.

The Incentives being proposed by these Codes will result in the very opposite of the things the program wants to accomplish.

Drastic disincentives and enforcement issues need to be addressed in an EIR or there is a very real possibility that more environmental damage will occur and detrimental quality of life issues will be realized by many more citizens.

It will get much worse than it has already become.

There are many ways to hinder this black market by making it more costly to continue on with illegal cultivation, as opposed to the legal means by spelling out harsh disincentives in an EIR to protect the Environment.

We have rolled out the red carpet to illegal grows and become a magnet for out of county/state interests which show no desire to integrate into our way of life as they are totally in it for the money.

Delay this decision for a reasonable time.

\* As part of this discussion the County pointed out that the formal EIR process be exempted from the new licensing procedures and that discretionary decisions be based on staff recommendations on a case by case basis.

I strongly ask the board to postpone this decision as this was just brought forward a few days ago and there is not enough time to argue the points against such decision.

More great environmental harm to this county can be argued which will go against such a decision if given enough time to debate and study the issues and to plead the case for an EIR.

The Draft EIR was very detailed and the need for such a global look at the environment in this county and detailed mitigation procedures to stop the Black Market are necessary through the EIR process for many reasons.

SB94 was passed in June 2017. The county still drafted an EIR at great expense and the County gave us the proper notice and time to comment on such. This was a good decision. Continue the process.

We have not even been given the opportunity to see the comments of others on an EIR, and further, I don't know if the Supervisors have seen them.

This whole rush to get a special board meeting and only give the public 2-3 minutes to argue against such a major change is highly suspect and the rush to license cannabis activities in this county without these environmental issues fully vetted by an EIR is grossly wrong.

There was only one day (Friday) to study and get written responses to the board which is impossible to accomplish on such short notice.

Please consider these arguments and postpone this decision to give us time to respond.

I believe we can make the case, if given time, to let the board make the right decision for the county's environment and it's citizens by fully implementing an EIR before drafting any Cannabis Codes.

Dear Board of Supervisors:

2/5/2018 BOS meeting

I want to recognize the commitment of all of you on the Board to preserving the residential nature of our rural communities. This includes rejecting suggestions to reduce minimum parcel size or increase canopy limits in RA neighborhoods and your continued protection of the Coastal Zone plus the 1 mile buffer.

However, I'm outraged by the proposed Master Plan Operation. As written, it has the potential to create a compound of up to 5 adjacent 5 acre parcels with a single manufacturing operation, to process up to 25,000 sq ft of cannabis canopy per harvest. All this is in the middle of a residential neighborhood with only one occupying resident. This scenario would be made worse if parcel minimum sizes are reduced or canopy limits increased. It creates an industrial park *with no one having a stake in the neighborhood - just the profit motivation.* This violates the premise that RA is residential. Concentrating manufacturing in RA neighborhoods also increases our exposure to criminal activities given the high value, highly concentrated products produced, packaged and stored on site. — "

On my first trip to a dispensary this week I was impressed with the level of security and professionalism. I also learned a single enhanced chocolate bar goes for \$29 making a small 6x6x7 packing box worth over \$1200.

I believe that most residents assume that, like dispensaries, manufacturing will occur in a few highly secure locations zoned for commercial use. I don't think the majority of voters that supported legalization of recreational cannabis for adults imagined that they might have a manufacturing facility next door, or that the inventory on site might exceed their yearly income.

The kind of security this level of inventory requires is not appropriate or feasible in rural neighborhoods. *You got it right with dispensaries - Do the same with manufacturing - A few locations (1/district) with the same high security.*

Thank you for your consideration,

Phyllis Strickland



EXHIBIT L

# Potential Locations for Commercial Cannabis Cultivation in Unincorporated San Mateo County

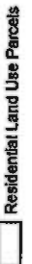
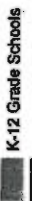
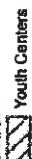
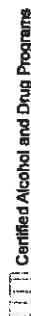
### How to Read This Map:

Properties within the "Permissive Land Use," but outside the "Protected Sites Buffer" are potentially viable sites for commercial cultivation. Please refer to the draft ordinance for additional restrictions on eligible locations.

## Permissive Land Use



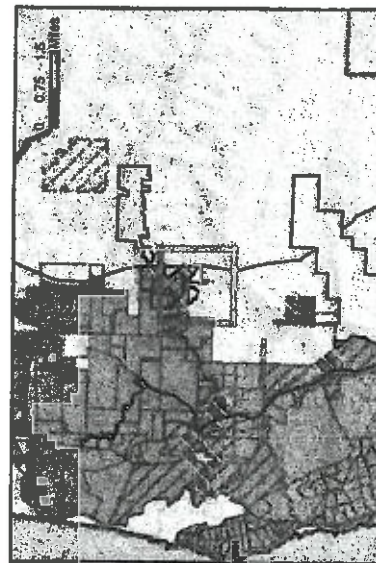
## Protected Sites



## Protected Sites Buffer and Affected Agricultural Sites



## Reference and Boundary

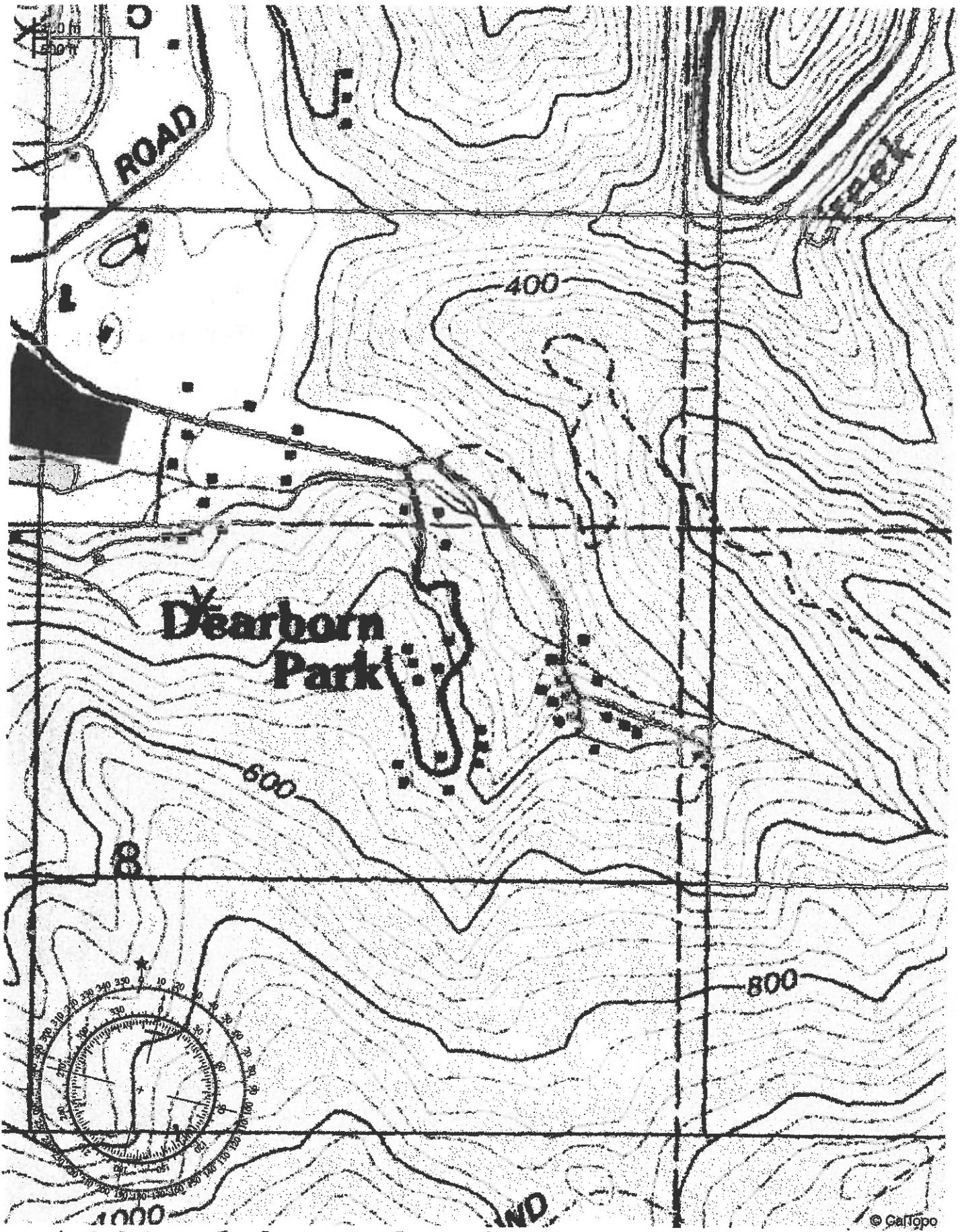


# DEARBORN PARK

Bob Strickland

Page 7 of 44

2-5-18 BOS #004  
Public Comment



USGS TOPO

BOB STRICKLAND

EXHIBIT L

February 5, 2018  
**Santa Cruz County Board of Supervisors**  
Proposed Ordinance, Chapter 7.128  
Proposed Ordinance, Chapter 13.10

Dear Honorable Supervisors;

I would like to thank you for years of puzzling over this issue and for creating space for this enduring conversation. The first public WAMM meetings took place in the early 90's at SCAP when it was across from Goodwill in a room that held 7 people and when John Leopold was acting Director. I have observed some of you grow up and others grow old with me.

### **Compassionate Access**

Even if a lack of personal experience lay at the core of our state's legislative failure to include a mechanism for compassionate access, each of us – citizens, our communities, the state as a whole, and every corporate structure - have a social responsibility. To ignore this has profound human consequences.

Santa Cruz has been at the vanguard of the medical marijuana movement. Continuing to build on the foresight that sustained a generation and led to the recognition of civil liberty for patients, and eventually legalization of cannabis, bringing with it the opportunity for increased tax revenues. We have supported and encouraged an environment that nurtured the compassionate access model. While governments "cannot legislate compassion," surely efforts to sustain the momentum that has distinguished Santa Cruz is fueling an even greater potential for our county to promote a replicable compassion model.

The answer may be in some type of tax credit, small business benefit, enticement program, reallocation of tax funds, or through some other avenue. Whatever legal framework that you choose to complement our renowned compassion model, remember that it carries Santa Cruz's signature. This is a message that we can carry to the world, reminding that when such a responsibility is shared the impact is exponential.

### **1C Cottage Industry**

Failing to include a provision in our County ordinance for small farmers and small business ventures, Santa Cruz will be omitting the opportunity afforded by MCRSA state law for small farmers to thrive in our community. There are the obvious consequences, with so much at stake it appears that to thwart the inclusion of small farmers, small business may well encourage a black market that may otherwise become tax paying legal businesses.

Finally, I would like to ask that you inquire with staff individually as to their personal recommendations, for their input, and for any commentary they may lend. For I believe that you will find a much richer texture when you take the time to find out what has been revealed to them as they sift through the complexities of this topic.

Respectfully submitted,

Valerie Leveroni Corral  
Director, WAMM

**EXHIBIT L**

**From:** Mary Jo [mailto:mwalker@cruzio.com]

**Sent:** Tuesday, February 20, 2018 9:42 PM

**To:** Rachel Dann <Rachel.Dann@santacruzcounty.us>

**Subject:** Attached are excerpts of comments to the draft cannabis EIR from last October

Hello Rachel,

The public's comments in response to the draft EIR that the County prepared last year for the proposed cannabis ordinances are on the Planning Department's website. There are about 200 comments. I have read all of them, and excerpted compelling statements from some citizens and groups who have expressed opposition or concern about one or more aspect of the ordinances as they were written at that time. They are attached.

As you read this, I'm sure you will see the anger, frustration, and alarm of many good people from all areas of the unincorporated County. It was difficult for me to select which ones to include in this document. I tried to glean what I thought was the essence of the points the commenter was making. I did not summarize or paraphrase; I just quoted excerpts of their comments. I also highlighted in yellow what I thought was the most critical part of their message.

In addition to many concerned citizens, very thorough comments were submitted by the California Department of Fish and Wildlife, California Department of Forestry and Fire Protection, City of Santa Cruz Water Department, Coastal Watershed Council, Farm Bureau of Santa Cruz County, San Lorenzo Valley Water District, and the Santa Cruz County Commission on the Environment, the Fish and Wildlife Advisory Commission, and the Water Advisory Commission. Every one of these agencies or commissions recommended: 1) excluding or severely limiting cultivation in timberland or the mountain regions, 2) significantly improving the County's enforcement activities, or 3) the so-called "most restrictive alternative" which limited cannabis to the areas already dominated by agri-business and industry. Monterey Bay Air Resources District recommended all activities be done indoors, and the Soquel Creek Water District stated that removal of water from their critically overdrafted basin was not feasible.

I hope you will take a few minutes to read this document. Following are a few quotes from citizens whose sentiment is repeated throughout the comments.

"Who gives people the right to ruin the environment for others and what local government condones it?"

"Why does Santa Cruz County need to be in the forefront of this experiment?"

"...cultivating cannabis will have dire affects on our county's wildlife species"

"I (and the overwhelming majority of my neighbors) vehemently oppose commercial cultivation or manufacturing of cannabis in our rural residential neighborhoods."

"The county has already failed to deal with both the legal and illegal marijuana grows throughout the county."

"I encourage you to push for the strictest regulations possible."

I am sending this to each Planning Commissioner and each member of the Board of Supervisors.

Mary Jo Walker

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**EXCERPTS OF SOME COMMENTS IN RESPONSE TO THE COUNTY OF SANTA CRUZ DRAFT EIR  
REGARDING THE PROPOSED CANNABIS PROGRAM OF 2017**

Corralitos resident: Just this past June, four adult ... males parked on MY property, leaving their car to walk upon other neighbors properties up to a vantage point where they could scope out ways to rob this Cannabis grow. Their vehicle had open alcoholic containers, bong, drugs and A HANDGUN! We as residents don't even have the right to bare arms in this county to protect ourselves and this Cannabis grow ATTRACTS these types of opportunistic CRIMINALS into our rural neighborhoods where families live. There are too many neighbors being subjected to the detrimental affects of this one persons desire to grow pot for a living, putting us all at many risks. Water is a huge concern here as well. This is a recharge area, whereby chemicals will filter back into our water systems. This type and size of Cannabis grow should be restricted to Ag areas of District 2 that are meant for large commercial industry (which there is no shortage of in Watsonville). PLEASE DO NOT ALLOW THESE GROWS IN OUR RESIDENTIAL AG NEIGHBORHOODS! It is NOT right nor fair to those hard working citizens who paid exorbitant amounts of money for their homes to live here in Corralitos, only to be driven out by the increase of Cannabis growers who move in and bring CRIME, FIRE DANGER AND POLLUTE OUR FRESH AIR WITH THE SMELL OF CONTSTANT SKUNK. It permeates into our homes where we are trying to raise children!

Santa Cruz mountain resident (very lengthy response, so here are a few excerpts): Our County government has sold out to the cannabis industry. This DEIR is an attempt to document that we agree to their sellout. ... We exhort Santa Cruz County to allow cannabis growing only in currently designated agricultural areas and particularly to exclude all mountain areas from changes in zoning and/or land-use in this DEIR. Use transparent, public processes to review the General Plan zoning and land-use. What's the rush? ... We live in one of those communities which would be adversely affected. County regulations and program mitigations could address potential inconsistencies, however traditional non-enforcement of even licensed cannabis activities introduce significant risk to our community. Based on the County's historical lack of enforcement, even with significant improvement of the mitigation requirements in the DEIR to protect us, we have no confidence that the County would enforce them. This makes the whole plan unacceptable. Concerns for us in the mountains include: wild-fires; pollution of adjacent properties and streams, excessive water use, reckless driving, driving under the influence of drugs (including cannabis and alcohol). There has been significant increase in traffic and reckless/drug-influenced-driving by many growers appearing in our community since State legalization was approved. County Planning approved our living here (with the current zoning and land-use designations) and County government must take full legal responsibility in approving new land-use designations which are clearly intended to accommodate cannabis growing.

Santa Cruz County professor: As a wildlife biologist in the county who has studied mountain lion populations and other wildlife species, I am worried that the proposed alternative for cultivating cannabis will have dire affects on our county's wildlife species, particularly mountain lions, a species of special concern in the state of California. By allowing cannabis to be grown in areas designated as timber land, you are essentially allowing cannabis to be grown throughout the county's wild lands. This will bring infrastructure and poisons to these areas - two of the main causes for wildlife health problems and populations declines. I hope you will consider limiting cannabis cultivation to areas that are already zoned as agriculture and not add timber into the mix.

Mt Madonna area resident and firefighter: I would like to share my first hand experience with marijuana grows in the area of Mt. Madonna and Hazel Dell Roads, there are shady people coming and going at all hours of the day and night. At night, we stare at the glow of grow lights all night long! We hear the guard dogs barking nonstop sometimes to the point you just want to scream for it to stop. We hear this day and night

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every day. These pot grows are a fire threat due to illegal wiring, lighting and generators. It is not a safe feeling to know that your neighbor needs armed guards to protect their grow. Who knows what these people do with the chemicals they use to grow? I seriously doubt that they care about the runoff into the City Of Watsonville's drinking water. Let's face it these people who partake in growing marijuana are growing a drug that can and will hurt people. It is getting out of hand and we are tired of living by multiple illegal grows. It's already a problem having young people driving our windy roads who are openly smoking it now like it is a cigarette. If we start to have more grows around, these people who choose to smoke it, will do whatever they can to get their hands on it.

Eureka Canyon resident: I'm completely opposed to cannabis grows in Corralitos. I lived in Eureka Canyon for many years. Cultivation fouls the streams, causes erosion, creates garbage, puts pesticides into the land, and brings criminals into the neighborhood. Growers have no consideration for the ecosystem or their neighbors, only making money. My son drove his motorbike near a grow and was threatened with a rifle, told he never saw this, and to get out. Criminal cannabis growers are already rampant in the Corralitos mountains.

Boulder Creek resident: Would you like to live near a cannabis-grow? ... I have been here for 12 years. The first few years have been peaceful just the way I expected and hoped for, when purchasing this property. .... But things have drastically changed since I first moved in. The peace has been shattered, ever since the two property owners ... above me, conspired to join forces to use their properties to cultivate and grow marijuana. ... Neither property parcels have dwellings on them although ... lives/squats full time up on his parcel. ... Also, he has cut down and burned many, many trees on his property to make room for the sun, for his 'grow.' He burns scrap and branches anytime of the year that he wants. My list of grievances: Cutting down trees. (Fewer root systems now, to help control wet land movement.) Moving large amounts of earth. Setting multiple water tanks without permits. Excessive wear and tear on the road from large water trucks and 4x4 trucks. Running generators anytime of the day or night, to run pumps and equipment. Growing (and building) partly in the 50-foot non-exclusive right-of-way. Added noise anytime of the day or night including; loud music, loud obnoxious talking and laughing, truck engines, generators. Minors (under 18 years old) working as 'trimmers' or 'clipemigrants' and-or other duties. (I suspect one of the minors is related...). Strangers, and their dogs, roaming around on the backside of my property. Trimmers letting their dogs run free on my property. Are there sanitary restrooms for these workers...?? Strangers driving up and down the road, forcing me to wonder: should I arm myself? I avoid walking up to the upper part of my property out of fear. My property value has decreased with the possibility that nobody will want to purchase my property. This unregulated 'grow' would have to be disclosed. My obtaining water for legitimate use is now in question because the water sellers are lumping 'surplus water' users in, within, those people that are getting water to grow marijuana. Ruining the legitimate use of, and growing of, marijuana, by flooding the market with untaxed cannabis. Basically, these guys are "crooks" (as the Sheriff said), and their presence destroys the peace up here

Summit resident: Please be very conservative with allowing these sites as we have no law enforcement here who can respond immediately and there are just too many wild cards with the risks I already mentioned. We do not have to become the go-to area for pot, attracting stoners driving around our county putting current residents in jeopardy.

Felton resident: I am married and have a 9 year old boy, I also live in a neighborhood zoned RA (residential agriculture). I have had nothing but negative experiences with dope (marijuana) growers in my area, especially in the last 4 years. I have been shot at, harassed and made to feel uncomfortable in my own neighborhood. Dope cultivation has made many areas in the county into " THE WILD WEST"!! The San Lorenzo Valley is a very large rural/ urban neighborhood with families and children. The S.L.V. is an unacceptable area for dope production period. ...Allowing dope cultivation in S.L.V. is the same as locating a petrochemical plant in a poor minority neighborhood. The county planning department is purposely victimizing the citizens of the San

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Lorenzo Valley. ...Industrial dope cultivation and manufacturing is unacceptable, its not the central valley. 3) Code Enforcement - The E.I.R. states that the planning department is not liable to enforcement ... It is common knowledge that the planning department has an abysmal enforcement record; thinking that the planning department will "rise from the ashes" and step up to the plate, is utter fantasy and an insult to the law abiding citizens of county. 4) Quantity - the document states that Santa Cruz county will produce 26,000,000 lbs. of dope. Well the census states there are 270,000 people in the county, ...That equals 96.3lbs per person (including children). That's a lot of dope for just Santa Cruz county! .... 5) water use - The E.I.R. states that one square foot of canopy of outdoor dope (marijuana) plant uses only 0.03 gallons of water per day. This is utterly a lie and non-scientific. Water use can not be based on this fake data.

Corralitos resident: The history of Santa Cruz County concerning the enforcement and regulation of Cannabis cultivation is one of mistake after mistake. The influx of out of state entities into our area is causing a drastic environmental change throughout the rural mountain areas. During the last 3 plus years Cannabis growers in the mountain regions have greatly impacted the quality of life and seem to be hostile towards and bothered by the residents.... What are the results of not complying: Much less expense and more nontaxable profits along with the cheaper environmentally harmful cultivation practices. The county all but advertises that it is unable (more likely unwilling) to hinder illegal activities to any major extent and has demonstrated this fact. Wink Wink. This DEIR is an excuse and a cover up for this counties past bad behavior towards Cannabis activities.... If the County fully enforced the eradication of the Cannabis...it would lead to a much better environmental result and a much better quality of life especially for the rural citizens of the County. ...There has been very little effort to do so and the ongoing result has been to just look the other way by the County which has lead up to the huge environmental mess we are in today... We have rolled out the red carpet to illegal grows and become a magnet for out of county/state interests which show no desire to integrate into our way of life as they are totally in it for the money. It is becoming extremely worrisome and frightening for our families to live with this Cannabis issue.... As for the inclusion of the Timber Production Zone (TP) as an allowed use for Cannabis cultivation, it is incompatible for many reasons.... In all zones before any Cannabis cultivation is allowed, all adjacent parcels should be properly notified and all environmental issues mitigated if possible or the request for license should be denied. The neighbors need to know and it should always be totally transparent and public information. All Cannabis sites and owners should be made public.... There are 7 active parcels involved in cannabis around my parcels alone. The fights, law enforcement busts, and major property damage which we have witnessed is incompatible and frightening to our families, kids, and grand kids. There is noise at all hours, there is little road maintenance help, and there is no desire to adjust to the rural family oriented uses which had prevailed before these disastrous policies were set upon us by the County in the last few years. These Cannabis grows are not compatible and would be too expensive to change into legal grows by the overwhelming majority of growers in these timbered areas.

County resident: Don't need that crap in my neighborhood.

Valley Womens' Club: We urge you to take the time to make the corrections and additions needed for a sane, understandable, and enforceable ordinance. ...You must specifically address the prevalent attitude of the document that admonishes us to believe....that these will somehow be enforced more effectively than those very regulations in the past. The county has already failed to deal with both the legal and illegal marijuana grows throughout the county that especially impact the mountains because they were harder to "see," and laws are far harder to enforce there. Again and again we see codes that are somehow unenforceable despite the fact that they present extremely hazardous conditions (especially relating to health, water contamination and fire). Highly touted ordinances that, if adhered to, should help protect neighbors, riparian corridors, wetlands and endangered species, but so many variances have been allowed that they no longer provide such protections. This is an unfair burden on mountain neighborhoods and the watershed.... Recognizing the impacts of the chemicals used by far too many cannabis growers, there must be to stronger controls in place

to forbid their use – and, to enforce the ban. ... Rodenticides, pesticides, herbicides and chemical fertilizers should not be permitted; organic farming techniques should be required wherever cannabis is grown in Santa Cruz County....We urgently request that improved enforcement be guaranteed on-going, and that enforcement be provided sufficient funding to actually know which growers are adhering to the law and which are not, and that you specifically define what actions (or lack of action) will necessitate that they be shut down.

Felton Resident: I hold a BA in Environmental Studies, and MA in Education and work in Environmental Outreach for a local municipality. I am very concerned about permitting cannabis growing and manufacturing in the residential mountain neighborhoods of Santa Cruz County. ... Reports indicate that 50 marijuana plants require 26,000 gallons per season, on average. Just imagine fifty times this amount of water being used in some county areas for cultivation....I have a private water system for my household use. I am very concerned about a marijuana farm on any property upstream from me that could dewater the creek where I draw my water.... I live in a neighborhood zoned almost exclusively as RA, so under the County's proposed plan, someone could grow marijuana there. I know that one could walk down to planning and get a land-clearing permit to completely strip my 2 ½ acre parcel.... There was an illegal pot grow in this area last year that included several acres of redwood forest removal. After receiving 98 inches of rain, a mudslide came down from the cleared grow site; it completely covered Lompico Road and sent one ton of sediment into Lompico Creek. The County had to come up and remove the mudslide over the road as it became impassable for 30 homes. This mudslide caused by tree cutting for cultivation purposes was also partially responsible for the 65% road wash out past ... Road that the county is also still responsible for repairing. The amount of extra erosion and sediment into the Lompico Creek is still clearly visible today; and no doubt will be worsened this year since it has not been repaired.... 3. Residential Agriculture zones are fundamentally residential zoning, not agriculture. My neighborhood, which is zoned almost exclusively RA, is a forested redwood canyon, and is in no way agricultural. ... To grow an agricultural crop in my neighborhood and many others like it, a marijuana farmer would have to cut a huge patch of redwood trees to get enough sun to grow a crop large enough to make it worth it. Marijuana growing should not be allowed in RA zones. They are residential. This is unfit for agricultural purpose.... The County acknowledges that it has no ability or reasonable intent to enforce the existing or proposed ordinances. It actually says this in the last paragraph of the proposed ordinance itself, and also throughout the EIR. Yet you create an EIR where all the supposed mitigations are based upon compliance with rules and regulations. So the mitigations will be ineffective if the county follows their practice of very weak or actual non-enforcement. There are several illegal grows in this area that the county refuses to look in on after repeated calls. This has already led to incredible environmental degradation without any recourse whatsoever on the part of the grower and significant increased maintenance costs and liability to the County of Santa Cruz. We have witnessed several creek pumps going nonstop with illegal creek water use, illegally dammed creeks that burst during the storms and caused mudslides, non-point erosion due to tree cutting, dumping of fertilizers and pesticides, and the ongoing cumulative effects of this environmental degradation.

Rural Bonny Doon Assn: Assembly Bill 266 states that when cannabis interests conflict with protection of the public, protection of the public shall be paramount.... Protection of the public should be achieved by rigorous enforcement of strict regulations rather than cockamamie speculation that more lenient regulations will offer better protection of neighborhoods and environments.... Commercial cannabis belongs in Agricultural areas-- not in residential mountain neighborhoods where the environment and wildlife are more sensitive to damage from rodenticides, where threats of fire are greater, and where people have chosen to live away from commercial operations.... What is the basis for assuming that compliance requires permissive rules rather than strict enforcement?... Isn't objective 2, as written, analogous to saying that increasing the speed limit to 150 mph will eliminate speeding?

Corralitos resident: I live in Corralitos and have been exposed to diesel exhaust for approximately two years now due to a large cannabis operation next door. Although I had had a cordial relationship with my very large commercial farmer neighbors for 15 years prior to their cannabis undertakings, they have continued to use an enormous diesel generator for their huge warehouse of cannabis over the past two years, despite my complaints. I have to assume they are burning more fuel than the filter they finally installed a year ago (after my repeated phone calls) to mitigate the fumes, can handle.... The stress of fumes entering into the back of our home, breathing fumes while trying to work in my garden, or tending to property maintenance or my chickens, has been impacting my life and health for far too long. I suffered five months of shingles disease and loss of wages this summer, and I squarely place the blame for succumbing to this stress induced disease on this toxic situation ... I couldn't care less about the weed, just the exposure to toxic fumes. I also highly resent being put in a position for this long of a time to be a neighbor who constantly feels the need to harangue their neighbor, whether I do or not. ... I cannot deal with the stress anymore, and as it is obviously useless to try and negotiate with these greedy neighbors, I've given up.

Santa Cruz mountain resident: I am writing to respectfully request that the county put an end to the illegal grows in the mountains. I have lived in the mountains happily for 11 years, at the dead end of a remote HOMEOWNER MAINTAINED ROAD. We have known nearly all our neighbors and people have been good neighbors, helping each other, protecting our environment and putting in the massive amount of work required to maintain a long mountain road. We have enjoyed quiet, clean, safe roads, abundant wildlife and clean air. My children have been able to play freely on our property in redwood trees and safety. Coming home at the end of a long day has always brought a sense of calm serenity and peace. THIS HAS ALL DRAMATICALLY CHANGED. The so-called "neighbor" two houses above me decided to turn his cliff dwelling home, with NO flat land, into a huge pot farm. Gutting the home, leaving the contents all over the driveway, renting to MULTIPLE sketchy people who drive recklessly on the small road, throw trash and cigarettes on the ground and park their multiple cars all over other people's property. They are disrespectful, DO NOTHING TO CONTRIBUTE TO THE HUGE TASK OF ROAD MAINTENANCE, but continue to have more and more strangers coming and going from the home at all hours of the day and night. The pot fumes are consistently noxious and overwhelming, and I must drive through them multiple times a day with my YOUNG KIDS in the car. They have dug into multiple unstable hillsides to grow their pot. Their plants can be seen from my driveway, and ARE NOT secured in anyway. My young children have come upon their grow areas just walking on our adjacent property. They are also SCARED of these multiple strangers who come and go and have been found trespassing on our property for cultivation purposes. Last winter, their irresponsible cutting into an unstable hillside caused a MASSIVE slide onto our driveway, TRAPPING MY FAMILY FOR 7 DAYS!!!! We were unable to drive out because of their irresponsible behavior. A dead mountain lion was found under their deck, and when checked by the Puma Project was determined to most likely have died from rodenticide poison (it was a young mountain lion). The list of irresponsible, disrespectful behaviors goes on and on. I have attempted to get help from the county and the sheriff. Mark Stewart of the Cannabis Licensing Office and his coworkers have come out and cited this homeowner multiple times, including a "Cease and Desist" order which have been completely ignored. The sheriffs have come out and told me that they cannot do anything because the regulations and laws aren't clear enough. They essentially said that they could not do anything until the Board of Supervisors clarifies and strengthens the laws. PLEASE, PLEASE help my family and all the other innocent families whose lives have been turned upside down by these irresponsible individuals. Our QUALITY OF LIFE has taken a HUGE DIVE, my children and I FEAR FOR OUR SAFETY (not only from the numerous strangers coming and going, but the REAL possibility of FIRE and/or SIGNIFICANT SLIDES or ROAD COLLAPSE due to their irresponsible behavior.) Our environment is so very fragile and we have already seen significant damage, causing thousands of dollars damage to our driveway. If we have more rain this year, there is NO doubt our situation will worsen, as they have clear cut oak trees, and cut into hillsides everywhere. It is only a matter of time before something really tragic happens down here. We have put up with this long enough. The mountains are NOT APPROPRIATE GROW SITES. There is far too much at stake. My children shouldn't have to

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grow up smelling pot fumes EVERYDAY in their own front yard. My kids are no longer allowed to play outside on our own property because I never know who may just wander in. Would you want YOUR KIDS to grow up next to a pot farm? Would you like YOUR home to change from a place of serenity to a barren wasteland of druggies and pot plants? These people are NOT responsible and should NOT be running an ILLEGAL BUSINESS in a family neighborhood.

Mountain Charlie Road resident: I encourage you to push for the strictest regulations possible. If cannabis is really to be legalized and grown as an agricultural commodity, I believe its commercial growth should be restricted to designated agricultural lands. You should definitely not permit growing in unincorporated mountain terrain. I have witnessed firsthand the destruction that accompanies many of these grows and have serious concerns about erosion, water usage and fire threat in the mountains.

Soquel resident: If cannabis cultivation is permitted to be grown, it should be grown within existing agricultural zones. Cannabis should not be grown in the mountains, where sensitive land and habitat will be damaged; it should not be grown in or near residential neighborhoods, where it disrupts the peace; and it should not be grown in commercial space because it is incompatible with existing land use. Cannabis cultivation should be regulated like any other agricultural product and restricted to areas appropriate for large growing operations.

Corralitos resident: I am a resident in Corralitos and currently concerned for the amount of traffic from non locals on our small roads, as well as homes being cased and other illegal activity. I know for a fact we have two grows right near our house and have seen crime jump this past year with it. And I'm not so naive to think they're aren't many more! How do we ... complain to authorities about these grows while remaining anonymous? We have lived her for 12 years and never had the issues we are experiencing until this past 6 months or so.

Santa Cruz resident and professor of environmental science: I have concerns about outdoor plots becoming hotspots of socially marginal, possibly illegal, possibly dangerous (NOTE: I mean the increased likelihood of wildfires started, even if accidentally) behavior. I urge the County to consider more restrictive rules. I believe Monterey County is permitting only indoor grow in existing greenhouses. Why would Santa Cruz County consider policy that is likely to be more problematic, both for our environment and for the well being of the County's citizens?

Bear Creek Road area resident: 1. The fragile shared private (mostly dirt) road system is continually being destroyed by 50,000 lb. water trucks and year round excessive traffic from growers/trimmers ... none have attempted to fix this damage or contribute extra. 2. Excessive generator noise all times of day and night for lights, water pumps and trimming machines. Other noise frequently from pesticide/nutrient spraying. 3. Light pollution from the multiple crop per year hoop houses and indoor greenhouses. 4. Water diversion from the creeks. Many years recently they have pumped the creek dry. The growers in my area will not be able to obtain cultivation permits primarily due to permitted structure and Cal Fire approved road requirements. Consequently, the growers will continue to produce significant amounts unregulated cannabis unless there is enforcement of the Ordinance. Further, there is no mechanism for me to be monetarily compensated from damages from these unregulated grows.

County resident:...5.) Enforcement of the regulations, current and proposed, seems to be nonexistent. The proposed regulation does not have any detailed mechanism for seeking out violators, enough staff to track down violators, and very meager fines for violations. If the county wants tax revenue it will have to front load some money for strict enforcement of the regulations in order to convince growers to get licensed and not violate codes. It will have to be much more painful not to be licenced than to get licensed. Considering the amount of money to be made from growing cannabis fines should be much higher, and land confiscation

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considered. 6.) Law enforcement seems to be absent. 7.) I particularly despise the section on there being no obligation to enforce - although that is exactly what is happening. For citizens who do not want land and environmental destructions the proposed regulations are not reassuring. Please return to the drawing board and plan ahead for significant enforcement in conjunction with law enforcement. I personally have no confidence that the current office has any ability or personnel to find, pursue correction or any enforcement mechanism to prevent the inevitable landslide of environmental and safety problems that cannabis growing entails. I am adding public comment from Nextdoor Corralitos - which I think reflects the general mindset well. I do not agree about reducing the regulatory requirements at all. I think that strong enforcement of the regulations will weed out the criminals and lawbreakers and encourage legitimate and responsible growers. We cannot let our neighborhoods fall to the kind of scoff laws and liars that the country is falling to. I hope that the county will heed what is being said by myself and other non-criminal citizens.

Corralitos resident: I am a homeowner with 3 parcels in Santa Cruz Co.... and I (and the overwhelming majority of my neighbors) vehemently oppose commercial cultivation or manufacturing of cannabis in our rural residential neighborhoods.

Big Creek Lumber Company's underlying concerns regarding cannabis cultivation in forested areas of the County. The Draft lists potential problems such as intentional concealment of cannabis cultivation on forested lands, illegal clearcutting of trees, stepped mountainside grading, illegal water use and soil degradation, among others.... Personnel from the Cal Fire San Mateo, Santa Cruz Unit have informed us that currently nearly forty percent of their time allocated for enforcement is being spent investigating and citing illegal cannabis cultivation sites....Additionally, there are other state agencies that will likely be impacted by the expansion of cannabis cultivation. These include, but are not necessarily limited to, the California Department of Fish and Wildlife, the Central Coast Regional Water Quality Control Board, the California Geological Survey, the California Air Resources Control Board and the California Coastal Commission. The Draft does not appear to address the potential environmental impacts if these state agencies do not have the resources to monitor or regulate increased cannabis activities associated with the Project, or its more permissive alternative.

Pajaro Valley resident: It looks to me that your inputs, through C4 and on, have been over-represented by the pot growing folks wanting less and less regulations than even the C4 commissions recommendations.

Bonny Doon resident (very lengthy response, so here are a few excerpts): I'm quite concerned that the DEIR authors don't really understand the quality of life common to the Residential-Ag neighborhoods. I feel that rejecting the Baseline Project (crafted after years of work) in favor of the Most Permissive Project simply to avoid relocation disruption to the preexisting grow License applicants enables literally thousands of additional parcels to qualify for a Cannabis Industry license. This amounts to a land-grab of neighborhoods throughout the county.

2<sup>nd</sup> district resident: I vote to restrict expansion to larger operations in Commercial Agriculture areas. This is variation on the Most Restrictive Alternative. This would allow the county to work with a small number of well-established commercial agriculture growers.

Aptos resident: Marijuana use and distribution is supposed to be regulated. Just as importantly, growing and cultivating marijuana needs to be very strictly regulated and monitored. Like other agricultural products, where it can be grown should be identified as strictly agricultural use and the activity should be closely monitored. Neighbors know to expect the dust, odors, noise and commercial traffic associated with agricultural business. And that's just what this is, Business, and it needs to be zoned and treated as such.

Santa Cruz Mountain resident: I believe that sensitive environmental areas such as the Santa Cruz Mountains should be off-limits. These areas are precious environmental resources and must be protected. Growing

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marijuana commercially should be conducted just as any other commercial farming is — on real farmland, with full regulation of appropriate water access, fire protection, pesticide etc. use. No site should be approved where fire trucks cannot readily get. If people want to grow marijuana commercially, it should be done as any other agricultural activity. ... If marijuana is to come out of the shadows, it must meet the requirements for legal agriculture, in typical agricultural areas, not hidden in sensitive redwood forests where stream diversions, pesticides, clearcutting, and fire risks can be major environmental impacts.

La Selva Beach resident: I believe that it would be prudent to start with a very limited scope of approval to ensure the County is not suddenly flooded with a host of problems it isn't equipped to address. Perhaps beginning with indoor cultivation only, which would help minimize the effect on wildlife and natural habitat, would be the right way to ease into this new paradigm.

Aptos resident: I have witnessed a serious decline in our Neighborhood Quality over the last 5 years. Growers have run residents and Homeowners off the road, head-on collisions happen, trash never seen before is being tossed out on the road. While volunteering working on our Private road, I have been assaulted by growers in vehicles, several times. Not to mention the ten-fold increase in numbers of cars, trucks, and commercial vehicles on the road, impacting the condition of the road. Growers down on the .... property, among others, seem to think it is ok to use firearms even during high fire danger days, like during the Cox Fire... Nearly all of the growers cultivating in our neighborhood came here after January of 2013 ... In my humble opinion, commercial cultivation of cannabis is NOT compatible with our residential Neighborhood at all.

Aptos resident: I propose that allowing Commercial Cannabis in residential mountain areas that are rated Critical Fire Hazard areas is negligent to risk management, and should not be allowed. ... over the last 5 years, the proliferation of illegal grows in the neighborhood has created an untenable amount of traffic. We now see heavy water trucks, flatbeds, and trucks with trailers hauling fertilizers, rodenticides, insecticides, and diesel fuel for their Generators. Just last week, we witnessed two 8x10' trailers carrying diesel generators up our road. A third trailer with a large generator flipped over down on Trout Gulch rd. near the meadow. The growers run bobcat tractors and larger tractors from grow to grow along our road, engaging in illegal grading. There are Grows on the southeast slopes that directly border Valencia Creek Watershed. I implore the County to keep growers out of our...neighborhood, and allow us to return to a peaceful coexistence with the irreplaceable Redwood Forests that make Santa Cruz County such a special place.... We already experience significant impacts to the Aptos watershed. We have seen an immense drop and fingerlings in the creek over the last five years in our neighborhood. Now we see foam balls from pollutants instead of fish in our creeks. Our neighborhood is fed by private wells. We are very concerned that the excess water pulled out of the aquifer in our neighborhood will adversely affect the quality and quantity of water available for human consumption. Many of us have lived here half their life depending on this resource. Some wells in our neighborhood have already gone dry.

Watsonville Nursery owner, graduate of Cal Poly with a degree in horticulture and agri-business: The most environmentally superior choice would be to use existing CA and A zoned lands especially where existing greenhouse crops are already being produced... CA zoned businesses with greenhouses offer the best solution for intensive cannabis production for the following reasons:

Aptos resident: I am having a lot of troubles with the impact of the amount and aggressive nature that comes with the grows in our area.... I know of one woman who purchased a property at ... for \$1,200,000 and put \$300,000 into the house only to later have major growers on BOTH sides of her property. There was nowhere on her 5 acre parcel that you could not smell or hear the operations on both sides. I know I would be incredibly angry with that. ... It has kept her from moving in and she is thinking of selling... I have heard from another home owner who says after several grows moved in by her place, her well ran dry and had never done that before. Again it is someone making money off of the back of their neighbors. I am afraid that the

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accountability for this ordinance will not have the teeth it will take to keep the fair distribution of water to our community.

Farming Company: Our company agrees with the findings of the County Environmental Impact Report, and in general we believe that the proposed option referred to in the report as the "Most Permissive Alternative" strikes a fair compromise between the needs of all parties. We recommend that the County adopt the recommendations set forth in the "Most Permissive Alternative" studied in the report. ZONING: We think that cultivation of commercial agricultural crops including cannabis should be limited to properties zoned specifically for the cultivation of agricultural crops, namely 'A' and 'CA'.

Aptos resident: In order to protect the safety, health, welfare and home values, it is extremely important that the cannabis cultivations be kept in areas that are strictly zoned commercial agriculture. This will follow the current guidelines of agricultural land use and prevent problems associated with allowing the commercial operations in neighborhoods that are mixed land use.

Santa Cruz resident: I strongly oppose the more permissive option allowing cannabis growers to use a larger amount of land. I am concerned with the probable negative effects to the land, wildlife, water supply and the health and safety of neighborhoods. Please consider the more limited use of land and see how that goes. Enforcement of regulations will be difficult enough, without making the challenges even greater with the more permissive land use option. Let's start by seeing if the growers are responsible, the enforcement adequate, and the impact minimal.

County resident: I live in a neighborhood in the county area. Next door to me is a house where pot is grown in the garage, house, granny house and in a plastic covered area outside. I am concerned about NOISE, SMELL and possibility of ELECTRICAL FIRE. Production and cultivation creates noise at all hours of the day. I think some of the people tending the plants have day jobs and are doing work on the plants after hours...sometimes until after midnight and before 6:00 am. Fans blowing over plants under a plastic covering on the other side of the fence are buzzing literally 10 feet from my bedroom window 24 hours. They are loud and disturb my sleep. Also, at times, they have this tented area flooded with light that illuminates my house. The smell of the plants is strong and even on hot nights, I have to keep my bedroom window closed or my room smells like a skunk. Sometimes the smell is strong enough to surround my house so even areas on the other side of the house are terrible. And I worry about fire. ... I'm guessing their garage is about 20 feet from my house. This makes it very possible that a fire in their growing areas will ignite my house as well.

Aptos resident: The EIR draft specifically states the County will have a hands-off policy regarding unlicensed operations. Nowhere does the ordinance create a clear mechanism to insure all growers register and pay their taxes, unlike any other industry. Without enforcement, many growers will continue to operate illegally and the County will lose millions of dollars in taxes from their illegal operations.....The proposed ordinance currently relies on citizens to make complaints about unlicensed growers, and (first hand) observed fire, health and safety issues. Given the large dollars generated by cannabis cultivation, citizens are fearful of being harassed by illegal growers if they make complaints even if the stated County policy is to keep the complainant's information private. Citizens are not the first line of compliance in any other agricultural business in the County, the County must have an enforcement mechanism which does not rely upon its citizens. ...The County must develop strategies to situate cannabis cultivation into the many existing agricultural areas and discourage cultivation in rural/residential forests.

Aptos resident: I request that the county restrict cannabis cultivation to CA zoned areas only and that it limit the number of cultivation permits accordingly.

Summit resident: Last year's Loma Fire was caused by negligent Cannabis growers ... It also impacted me personally as a specialized musical instrument was damaged while hastily trying to evacuate. Twenty plus man hours, 3 trucks, finding a place to put everything in town and costs for gas/ food/ storage etc. were my personal fallout from Cannabis growing. We also live under a constant threat of ripoff marauders and one such event also took place in this area last year. Thieves are a threat to mountain residents. I have not heard of a Cannabis shortage, so why the need for more than a very few grow sites and licenses? I also believe that overuse of water that we desperately need in the mountains, the potential for pesticide contamination are also reasons to severely limit commercial sites and to me it makes more sense to have grows in commercial buildings, where insect and animal contamination is greatly reduced or eliminated ... Commercial cannabis activities should again, be very limited. We don't have the infrastructure, immediate emergency police response available and why should we residents bear the responsibility to those making a profit when we residents are taking the most risk from grower's mistakes or negligence.

Summit resident: Water usage is my principal concern. Many of my neighbors have already seen their wells go dry...

Coalition for environmental Santa Cruz: 64 page response pointing out many fatal flaws in the EIR: ... 1) Land Use: ... the 'project' = 6,228 parcels totaling 147,750 acres or ... 8,888 parcels totaling 164,721 acres. 2) Poor Analysis: ... 3) Why grow in neighborhoods: Because 50% of the survey responders said that's where they wanted to grow. The DEIR's 'preferred alternative' places the majority of commercial cannabis in the neighborhoods, the same neighborhoods that the SCC Supervisors have said they want protected in directives to C4 and others working on this issue. The impact of not protecting neighborhoods will be substantial for families. 4) Streamlined Negative Biological Impacts: This streamlined process to permit commercial cannabis cultivation has grave implications for negative impacts on wildlife. 5) Rife with Rodenticides: The DEIR recognizes that rodenticides are a big issue. And yet, the County suggests that there are laws to control such use, so everything should be okay. ... As a result we expect that rodenticides will increasingly harm wildlife as cannabis cultivation spreads on the wild land interface .... 6) Cannabis Cultivators are County Partners – that's how it works: The proposal suggests that, as long as the County is as permissive as possible, cannabis cultivators will abandon illegal growing and be good citizens, fully compliant with the law...and, the number of illegal growers will steadily decline along with negative impacts. We don't share this point of view. 7) Enforcement is Everything – Enforcement Doesn't Work: Throughout the DEIR, the County claims license fees will pay for enforcement and inspections that will mitigate any negative consequences of cultivation. The County proposes to start two new enforcement divisions and is asking for bullet proof vests to go on 'annual' inspections. And then, the DEIR admits that enforcement won't work and that anyway the budget is contingent on the Supervisors approving funding annually. Fire and law enforcement personnel say they are overwhelmed. 8) Negative Consequences Inevitable, but the Money's Worth It: There are many, many 'significant and unavoidable' impacts in the DEIR, That is, the plan is to have lots of unmitigatable damages—to the environment, to safety, and to neighborhoods...

Aptos resident: Please consider treating the growth of cannabis in our county as any other agricultural product. The basic health, safety, environmental zoning regulations should apply as they do with other agricultural products.

Felton resident: I oppose allowing commercial cultivation of cannabis in the San Lorenzo Valley due to the inability to enforce the regulations and the inability to prevent significant negative impacts on county residents and the environment. I am especially concerned about the potential fire danger of all cannabis cultivation operations but I am especially concerned about the fire danger of unregulated illegal operations. A program that is not enforceable will not be enforced, and a law that is not enforced is no better than no law at

all. For this reason, I am opposed to allowing commercial cannabis cultivation operations within the San Lorenzo Valley.

Santa Cruz County PhD wildlife biologist: Given all of the implications for cultivation on biodiversity in the Santa Cruz Mountains, to say nothing of its impacts to water resources and numerous other impacts ... I recommend the County consider licensing cultivation in areas zoned for commercial agriculture (CA). Such areas generally lack the sensitive habitat and species and are not as important for regional landscape connectivity. They also feature the necessary infrastructure including fire protection services, that will be conducive to safe and low impact land use. The County could at least start by licensing commercial cultivation in CA-zoned lands and then ... revisit the ordinance and consider expanding use or altering areas zoned CA. This would avoid potentially long-lasting effects of habitat conversion, degradation, and fragmentation caused by an initial 'green rush' into the Santa Cruz Mountains, where cultivation may ultimately not be economically viable...

Corralitos resident: I am vehemently opposed to the wide scale commercial growing of cannabis in our county. ... I believe the cost to outlying communities and ultimately the general county residents will far outweigh any possible benefits... I have already experienced some of the negative effects associated with growing operations. These effects have been increased criminal activities, including illegal grows and related busts and shootings, chronic nighttime roadside shooting, gang activity, dumping, suspicious activity and an increase of seemingly out of-place individuals.... We have directly experienced an increase in roadside shooting and gang activity in our mountain region related to pot farms.... The water supply of the county will be placed in jeopardy by the high demands of Marijuana plants, but more importantly, by the massive chemical use that will be prevalent on commercial grows. ... We've recently had fires where the probable cause was bad wiring associated with illegal grows. In this way commercial grows, or more specifically, the increase in related illegal grows, can pose a very real danger to life and property.

County resident: The already impacted wildlife of Santa Cruz County will suffer further declines if we allow willy-nilly cultivation of cannabis (and the wild-life poison that comes with it) across the county. Please limit commercial-scale cannabis cultivation to land zoned for agriculture.

Summit area resident: Cannabis is a water intensive crop and our water table in this area is already stressed by years of drought. Many of us need to pay to bring in water during the summer and fall so there is very little water to spare for growing. Cannabis operations pose an increase risk for fires as people drive offroad, use firearms, and as evidenced by last year's Loma fire and the questionable activity around the Bear fire, the growers and their "employers" have little regard for safety. These grow operations also pose a safety risk as they attract thieves looking for cash and crops. Please help keep our mountain communities safe and beautiful.

Bonny Doon resident: I have written and spoken to you before about the profound and intense impact cannabis growing has had in my rural neighborhood. I have discussed at length why the unregulated dispersive growing model we currently have does significant harm to wildlife and the environment, neighborhoods and youth, and must not be allowed to continue..... The county must develop a reasonable policy proposal that takes commercial cannabis cultivation out of our neighborhoods, timber-zoned properties and watersheds. You must put real enforceable and enforced restrictions on this industry. They must be treated like the commercial, extremely profitable, recreational drug producing businesses that they are, and not given special legacy treatment as a result of past medical marijuana legislation.

Corralitos resident: I would suggest that the cannabis operations be in areas where the fire and sheriff's department can more easily access the sites when needed. ...I respectfully request that the County take this process very slow and start the operations in a controlled and close geographical area before allowing

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operations on every street in the unincorporated areas. There is a great deal of property and facilities that were abandoned after the flower industry all but left this area in the late 90s/early 2000s. Why don't we try to rehabilitate these areas first and go from there? For the most part these are areas that could certainly use redevelopment.

Bonny Doon resident: I still hope that this county with your leadership, will develop a reasonable policy proposal that takes commercial cannabis cultivation out of our neighborhoods —or at least controls it carefully—along with our precious timber-zoned properties and watersheds, and put reasonable restrictions on this industry to protect our natural resources, public safety and neighborhood integrity....First, there is no data to support that the growers will step out of the shadows and participate in licensing. The economics push against it.... The ability to enforce and monitor these more permissive regulations in this highly diffused model of commercial cultivation is realistically going to be next to impossible even in the best of scenarios.

Ben Lomond resident: I have a neighbor with a large grow operation. ... The skunk like smell of their crop effects us greatly. There are times it is so strong I can get a headache instantly when I go outside. This is particularly true if it is hot outside. We cannot go outside and sit on our deck and enjoy the outdoors because the odor is so unpleasant. We have to close our windows frequently because the breeze blows the smell right up into our house. Our quality of life is greatly impacted by the odor. We live on a small, private one lane road and when it is harvest time there are many workers driving through our neighborhood, often at too high of speeds, which creates safety hazards for residents and children driving and/or walking in the neighborhood. I have had several close calls both walking and driving... This is a rural area but it is still a neighborhood.

Felton resident: The consistent tone throughout the DEIR document display the intent to support and expand this drug production industry as though it were beneficial for virtually everyone, when in fact...it primarily benefits those with a financial self-interest in the sale of marijuana. This is especially true considering the fact that residents of this county could not hope to smoke all of the pot being grown here!....There is no evading the fact that the County is in the process of licensing a massive export flow of marijuana products to other states....The most restrictive alternative: is clearly the ENVIRONMENTALLY SUPERIOR ALTERNATIVE...protects rural land environments (forests, sensitive habitats, chaparral, riparian corridors, stream flows, endangered wildlife, sand hills, unconverted coastal grasslands, terraces, scenic vistas etc. It reduces water use demand, diversion of stream flows...It nearly eliminates the promotion of new development and road construction. And it fully protects rural neighborhoods and "established communities" from the disruption caused by rural neighborhood properties being converted into pot farms.

Corralitos resident: I own property with a commercial nursery and a residential rental at ... Corralitos. Approximately six weeks ago...the neighbor... brought approximately 200-400 cannabis plants ...onto his property. Immediately my wife and I, our nursery customers, and our residential tenant began to notice a foul odor over our property similar to the smell of a skunk. The smell is present most hours of the day and is nauseating to experience. The cannabis plants on the adjacent property are 300-400 feet from our property line.

Past president, and farmer of the year, of the Santa Cruz Farm Bureau and a long time farmer in the Pajaro Valley: If there is a focus on growing on CA zoned land, with a preference for existing greenhouses, which the EIR acknowledges are underutilized at present, almost every identified negative impact is avoided. Existing workers will continue to be employed, not contributing to new traffic congestion. Conversion of timber and agricultural land is not an issue. There will be no new development so there is no impact to biological, cultural, geology and soils, and no increase in greenhouse gas emissions. As these are existing greenhouses, they are already served by agricultural water wells, do not divert stream water, and were inspected and approved by the local fire departments at the time of construction. This is truly the environmentally superior alternative.

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County resident: The proposal recognizes that rodenticides are a big issue. And yet, the County suggests that there are laws to control such use, so everything should be okay. In case the County is so motivated in the future, there are some guidelines in the DEIR for monitoring, but these are largely discretionary. As a result, we expect that rodenticides will increasingly harm wildlife as cannabis cultivation spreads on the wildland interface.

Corralitos resident: We do NOT want grows larger than 10 x 10, or commercial grow operation permits in this remote forested TP / AG zoned mountain area up here. ...Our creeks and groundwater would be at more risk of being overdrawn, and from pollution by organics and nonorganics, sewage, rodenticides, etc., and we, wildlife and pets would be impacted by all of this....There was a shooting off of Highland Way just 2 miles from my home this summer with Fish and Game who were thankfully busting a polluting illegal grow... but what if this had involved someone like me, a hiker, just out with my ornery dog on a walk in my "back 40" encountering some armed, undocumented man guarding a grow? ... We have gang type graffiti painted on our favorite roadside rocks, we have trash and toxic waste dumped off the side of the road into the creeks, and people who are not respectful hanging around during the seasonal harvests. We have strange guys parked on our property wandering around our little dirt road early on Saturday mornings, doing who knows what. There are more thefts, more late-night semi-automatic weapon gunshots, so frankly I do not feel as safe in my own home now that there is more growing activity.... More roads, buildings, fences, more traffic, trespassing, crime and disturbance from questionable types?? Same amount of limited law enforcement....In Calaveras County, the licensing and permitting of Commercial Cannabis has also brought more ILLEGAL growing operations hiding as a guise in the shadows of Legal growers. They are grappling with costs of the increased crime and related dangers to their citizens and their enforcement personnel. ...We will not move from our beloved home- but should there be any major operations permitted up here that will impact us and the surrounding areas further in these ways, expect that there will be a huge fight to protect our safety and quality of life, as well as property values.

Corralitos resident: The impact of this kind of traffic could potentially create havoc on our already badly damaged and poorly maintained county roads. The safety for many of us who walk and ride bikes here daily is already a huge challenge that we tackle continually. As the "trim season" arrives, the addition of these employees in their cars on our country roads will become very treacherous and a threat to the quality of life we all moved here for. As homeowners who have had to follow county ordinances regarding "ag zones" and not being allowed to infringe on them, we find it more than ironic that these growers will be allowed to come into our existing neighborhoods and infringe on our "zones" of peace, safety and comfort....We are asking that our concerns about the tremendous amounts of water consumption, electrical consumption, pesticide runoff into the Corralitos Creek and the threat to our wildlife such as owls and hawks by rodent poisons be taken seriously. We ask that you consider and ask yourselves, what if this was YOUR neighborhood?

Bonny Doon resident: ... we were severely impacted by a neighbors illegal grow in 2014. ... All that we were trying to do was have some peace in our own home. Instead we were assaulted by 24/7 smell, lights at night, and people coming and going next door at all times of day and night. During that phase we were also in a drought and while we were frugally managing water and seeing redwood trees turn brown, these neighbors were aggressively pumping water from the same ground we access in order to keep their crop and profit healthy. Since when is a community resource like our groundwater allowed to be freely used for the profit of a few, at the cost of the other neighbors and the entire Santa Cruz Mountain Ecosystem? ... we had to call the police one morning for a domestic issue next door, where there we could hear a woman pleading not to be beaten (by the proprietor of the illegal Cannabis operation). ... We had moved to this area and pay our 10k in taxes this year, to have the quality of life that the Santa Cruz Mountains promised, but quite honestly that quality of life is not being realized, and is seemingly not valued and that is alarming....Currently, regardless of the other issues, we are seriously assaulted every day by smells that no one seems to feel any need to control.

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It's all over this area, and frankly insulting and assaulting to people who came here for the fresh air and sea breezes. Who gives people the right to ruin the environment for others and what local government condones it? To "open the floodgates" to returning and even increasing the cultivation that wreaked havoc in our neighborhoods and the Santa Cruz Mountain Ecosystem in 2014 is reckless and inconsiderate.

Aptos resident: I feel that this report is written with deference to the cultivating community. I live on a narrow, small, private road in the Aptos mountains....This area is a fire hazard areas. To the point of being accessed every year for a fire hazard tax...To think the County would allow growing here is negligent and irresponsible....Do not allow growing in the forest areas....Our neighborhood and the road have been invaded by illegal cannabis grower. Our neighborhood feels like a war zone. With Google earth, we can count 15-20 illegal greenhouses... Smell the odor, Watch the traffic, Identify a negative element not seen before. Is the EIR addressing MY right to a peaceful life. The County seems to have the attitude of..."they need to grow somewhere" and as long as it is out in the forest, so be it....Marijuana is a crop, yes. But, is it not apples, strawberries, lavender or grapes. It should be grown in an agricultural setting only....I am completely, totally against growing in a timber forest. Stop this madness.

Corralitos resident: ...we have watched the many different phases of cannabis growing morph into an uncontrollable (with present regulations) and paradigm shifting monster. Our neighborhood used to feel safe and community driven, however, this has changed over the past few years as cannabis growers are now purchasing the majority of properties that come up for sale in our area. Due to the semi legalization of cannabis we are now faced with irresponsible and disrespectful people aggressively driving our roads and disrupting the ecosystem. Is no one considering the even bigger paradigm shift we are facing, climate change? Cannabis cultivation with its land clearance, water and electricity usage and poisons are surely adding to the problem....we don't understand how anyone truly believes licensing and regulation is going to prevent illegal grows from happening when one considers the profits to be made. To place the burden of policing our neighborhoods and reporting illegal grows on the residents is incomprehensible and leaves us with no confidence in the justice and politics of Santa Cruz County. There is a quality of life issue at stake here for all rural, and inclusive of, city neighborhoods and we feel it is far beyond the time when this value becomes more important than profit for cultivators and additional taxes to be collected by government.

Larkin Valley resident: I too have been similarly affected by the violently dangerous activity inherent in marijuana grows... In the past few weeks the Sentinel reported a gun battle over marijuana grow on Rancho Road, 3 miles from my home. My first exposure to the violence in marijuana farms goes back to the October 1978 murder of pot farmer, Dennis, "Rabbit", Johnson. Through my profession, I worked with the teens involved in this senseless fatal attempted robbery, including the shooter who was armed during the confrontation with Mr. Johnson who bore a shotgun.... To regard marijuana farming as any other crop, or like a vineyard in a predominately RA zoned neighborhood is ludicrous. I've never heard of an instance of shots fired because of vineyard activity.... Reviewing the E.I.R. draft confirmed my concerns that the document would be skewed towards a more sympathetic approach towards the marijuana cultivation community....Santa Cruz County being a "destination location" for marijuana would be a bane to our beautiful area, which already has a plethora of worldwide, healthy and family attractions.

Eureka Canyon Road resident:... there are so many illegal grows already. With no regard to parcel size whether they grow inside or out. No concern for other property owners not to mention children & animals. ...Our area has many red tagged parcels since the summit fire, some have been taken over as theirs. Some areas are abandoned with old septic systems, unsafe wiring, tapped into others water supplies etc etc along with years of unpaid taxes. ... please just make sure all of us are going to be safe and that the rules & reg's can be enforced thru out the county even the hard to reach areas. Also consider the fire impact for these areas. Are there going to be fire rules put in place or additional water tanks on site for each grow? Notifications should be sent

to neighbors/property owners when permits are being issued. Medical and commercial alike should understand they need to be accountable to their neighborhood communities. ... A set # of miles from school aged children, (residences & schools). That the grow be well fenced off to keep children, along with wild & domestic animals from harms way.

Soquel resident: Why does Santa Cruz County need to be in the forefront of this experiment when even large cities like San Francisco and Berkeley are delaying implementation? I am concerned that we will become an even greater magnet for drug manufacturing and sales (cannabis concentrates) than we already are. I support the delay of recreational marijuana farming and sales as long as possible.... I strongly urge the Board to restrict growing to already zoned commercial agricultural areas with existing greenhouses. There should be no new development and certainly none at all in the fire sensitive areas of Aptos-Soquel-Capitola and our surrounding fire-prone forests, fields and parks. Long time farmers and growers most likely understand how to reduce environmental impacts. No new permits should be issued until at least one year after legalization is implemented. That will allow time to measure results and made adjustments to regulations without putting new vendors at financial risk.

Corralitos resident: We have been residents of Corralitos since 1974. Corralitos has always been a close supportive community, a safe place for our children, a wonderful place to live, and has had a low crime index. Cannabis has already changed the atmosphere of our wonderful neighborhood. Residents who have moved in the last few years have grown and used cannabis which is changing the dynamics of one of the most wonderful places to live in Santa Cruz County. The growers and users become defensive, angry, are irresponsible and are a danger to our community as well as the environment. There was a huge drug bust involving cannabis just three properties down from us in the last year or so. That will be just the beginning of crime that will invariably infiltrate our lovely community if decisions are made to allow cannabis farms. For a county that claims to be environmentally responsible and has some of the most stringent regulations anywhere, it is hard to comprehend the administration of this county would approve something as damaging to the environment as the cultivation of cannabis. We are concerned about the chemicals that would be draining into our watershed which will go directly into the Corralitos Creek and Pajaro Basin. That is not to mention our clean air which would be polluted with the chemicals and odor that would be emitted into the atmosphere. There can only be one motive for the board to approve this ordinance, which would be that the county would gain monetarily from the cultivation of cannabis. There is no way the county will have the time or resources to monitor large cannabis farms in this county, let alone the beautiful mountains and valleys of Corralitos. What a shame it would be to sell us down the drain. ... Not since history began are drug producers responsible concerned citizens who care for the good of the community. It is and always has been about the almighty dollar and anything goes to achieve that goal. We understand it is legal for individuals to grow 6 marijuana plants for personal "recreation". One plant alone produces an enormous amount of addictive product ...It would only be a matter of time, and our properties would depreciate if cannabis is allowed to be grown in Corralitos. We have already seen first hand, very close to our home, a beautiful property that has become a eyesore to our neighborhood. It is doubtful any one of you on the Licensing Board would approve of this coming to your neighborhood or community. We can not encourage you enough to leave Corralitos the wonderful sanctuary it has been for so many years and not allow cannabis to be grown here in any way, shape or form. This request comes from some extremely concerned citizens,

UCSC ecologist and farmer: We have reviewed the EIR for cannabis cultivation in Santa Cruz County and are alarmed at the proposed size and unprecedented distribution (urban and rural) of this agricultural product. As an ecologist at the University of California, Santa Cruz and owner of a working and productive 20 acre certified organic farm in southern Santa Cruz County, we believe all commercial agriculture should be conducted under strict environmental oversight (e.g., water, pesticide, herbicide, fertilizer use and disposal) in areas wisely zoned for such production. Production should be limited (including initially confined to greenhouses),

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evaluated, and adaptively managed in a manner that ensures limited social and environmental impacts. The open and broadly distributed cultivation proposed by the county has great potential environmental impacts and requires more costly management and enforcement activities that detract from the use of county funds generated by this crop for more valuable purposes (e.g., water conservation and education for responsible production and use). Our comments reflect our personal concerns and NOT the University of California, Santa Cruz or the California Cooperative Organic Farmers association. Thank you for the opportunity to express our concerns.

Mt Charlie Rd resident: In my opinion, these local farms will NEVER be competitive with large-scale mechanized agriculture. If they are profitable, they might grow at first, but it will not be long before larger producers with more capital take this market away from these niche producers leaving an even larger problem. ... What will become of these farms once they are abandoned? Bankrupted farmers do not possess the financial capability to stabilize their land either from erosion or weed control. I fully anticipate that whatever revenue the County seeks will be quickly overwhelmed by the cost of the consequences, ecological, social, and criminal. Please do not let starry-eyed dreams of short term revenue overwhelm tempered judgment over the longer run. Too many times, we have all seen this before even if it does go largely unrecognized.

County resident: The county needs to research what is actually happening where grows have already been established. ... Before subjecting the residence of the county to the smells, traffic, noise, and crime that come along with grows, speak with the enforcement agencies that deal with this on a daily basis. Did anyone attend the three day marijuana conference that was held in San Jose last year? If so, remember not one of the areas that have permitted commercial grows said that it was working out for them. They are not seeing the tax revenue that everyone seems to think will jurisdictions will get. They have had to increase their law enforcement staff to deal with the increase in crime. If commercial grows are going to be permitted, they should be in Industrial Zoned areas, not Agriculture or Rural Residential areas of the county. They should be treated the same as the canneries that are in the county. Would you want this next to your house? Do you want your kids or grandkids smelling this when they are playing in the backyard? Who will be responsible for property values falling because this is next to your house? ... Trying to get law enforcement to respond to the rural areas of the county is a miracle as it is, now add this on top. Until you have actually seen how things are in the field, subjecting the residence of this county to having this next door is atrocious.

Felton resident: ...registration data indicates about 244,620 pounds of cannabis per year are grown within Santa Cruz County... 8,408,389 pounds estimated as the minimum allowed under the proposed program, or the 26,637,433 pounds estimated as the maximum allowed under the more permissive program ... a large majority of the cannabis grown and/or manufactured in Santa Cruz County is exported (some estimates indicate up to 90%)...about 24,000 pounds of cannabis sold, which is also about 10% of what registrants claimed they were growing. Program objective #5 of the cannabis Program is to "Encourage the cultivation and manufacturing of high quality local cannabis products that meet the demand..." This goal was designed to sound like the County has difficulty meeting the demand for cannabis. When I learned that current cannabis production meets current demand ten times over, I was offended by the tone of this Program objective. The environmental degradation associated with the increased volume of cannabis up to 50 or 100 times higher than current levels may not be tolerable to citizens if they know it will be mostly exported. ...The code enforcement mitigation measures recommended in the draft EIR should not be relied upon because they are: 1) just a recommendation and not a requirement in the ordinance; 2) subject to reduction or elimination by the Board of Supervisors at any time; 3) undermined by the unique "No Duty to Enforce" language used in the ordinances; 4) require a level of compliance activity many times higher than the current level, which was just 31 in 2016; and 5) completely counter to past practice which is to require a citizen complaint to initiate an enforcement action.

Bear Creek Rd area resident: ... illegal marijuana farm operation ... he simply does not care about endangering the welfare of surrounding neighbors, but rather wants to pursue his own selfish agenda. The reasons we are concerned about his marijuana farm are: \*Fire hazard-... and his tenants/ pot farm workers operate the place unsupervised ( electrical, etc), also his tenants kept throwing cigarettes butts on the road from the cars - I kept finding them while my walk with our dog. We live in heavily vegetated area of Santa Cruz Mountains. \*Security and safety concern- We started sighting many new visitors, most of them appear to be non-residents, and our road is a "private road" \*Noise- ... workers have lifestyle of "work late nights, and sleep day time" due to their drug use. We hear machine tools running late nights. Mountain fire is a big topic right now. Our road ... is very close to Summit Rd and HWY 17, if the fire starts at our road, it would a huge threat to the community not just our area, but the whole entire Bay Area. ... Please accept my request to stop ...'s marijuana farm operation. I am going to include this email to our ... Road Association, County Cannabis Licensing Officer, and forwarding to officers at Cal Fire Protection Department.

Santa Cruz resident and PhD student in Ecology: Though it is clear that rodenticides could pose a major threat to wildlife in Santa Cruz County, the current DEIR does not go far enough with measures to limit and reduce this threat. The very permissive option for cultivation that the county is proposing could have a devastating impact of our local wildlife. In addition, as proposed, cannabis cultivation poses a risk of fragmenting some of the best wildlife habitat that remains in our county. Ultimately, I would like to see cannabis grown only in greenhouses on land zoned for agriculture. This will work to keep rodenticides out of our water sources and other pesticides out of our residential soils and air. It would also mean that illegal grows would be very obvious, making it much easier to enforce rules into the future, and to protect public and private lands from illegal operations.

Aptos hills resident: Zoning...1.Rules were made to protect the neighborhood. 2.Why is this protection no longer necessary? a. Is this because of the additional money to the county?....1.Since cannabis is an agricultural crop why does there need to be specific regulations? 2.I did not see any serious analysis of the impact of rural cultivation on surrounding neighbors.... These objectives are better met when cultivation is confined to existing agricultural areas. Negative impacts would be much reduced if this was done.... Limit cultivation to existing agricultural areas. ... this would surely be the environmentally superior alternative.... Once again the December 2015 ordinance was ineffective as it was not enforced.... I do not see any impact on the neighborhood as one of the intended issues. Impact on the neighborhood is significant.... How can the county expect this ordinance to have any impact on illegal activity if there is no intent to enforce. The ordinance itself says it does not need to be enforced....Biological Resources....Would be minimized if removed from rural neighborhoods and moved to commercial agricultural. This would not require any mitigation. Control over pesticide and rodenticide would be easier if not in separate rural cultivation sites.

Summit area resident: ... I would like permits to deeply consider environmental concerns (water is major in my area as well as forestation). I am also concerned that public safety and neighborhood quality of life issues be taken into consideration. I look out on such beauty but have seen what happens as my neighbors become wineries and clear the trees and fence and have pesticides and are using electrical equipment, workers that play music starting at 6:30am. My peace has been greatly disturbed. I see fewer wildlife and the coyotes and mountain lion coming closer to homes. Thinking of growers coming in around me and adding their piece of that as well as possibilities of needing gun surveillance to keep out thieves makes me quite nervous.

Summit area resident and UCSC economics faculty member: First, the area's fire and public safety resources are already strained to effectively support current residential populations in a forested area amidst a drought cycle...current resources are potentially inadequate to manage long term risks associated with the existing levels of illegal production in the area. Expansion to include commercial growing of cannabis will most certainly pose significant health and safety risks to the environment and residents ...Second, commercial

production of cannabis poses significant fire risks similar to those that likely started this fire. Butane manufacturing methods pose a significant fire risk that many people unfamiliar with the industry are completely unaware of. ...Another risk often overlooked is the volume of un-permitted electrical work associated with cannabis manufacturing. Once identified, understanding the likelihood of these illegal growers to bear arms, what is the county's response going to be to manage this fire and safety risk? My objective opinion is that the county has failed to adequately consider risks associated with the current levels of illegal activity in the Summit area, and has far from adequately considered the risks associated with expanded permitted cannabis business in this area. My recommendation is to adopt policies and procedures and dedicate resources in the near term ... before risking opening a floodgate of new activity that the county is ill-equipped to manage..

Joint letter from Sempervirens Fund, San Lorenzo Valley Water District, UC Santa Cruz Natural Reserves, Resource Conservation District of Santa Cruz County, California State Parks: ... we have concerns that some of the policies being recommended may hamper our stewardship goals for the region and cause harm to its natural resources and landscapes.... The cultivation of excess product may overburden local ecosystem services and adversely impact community security as we adapt to a changing climate where we are already experiencing strains on natural resources. We ask that the county explore a way to quantify local cannabis consumption demand in the community, and match this to cultivation supply, and propose a regulatory mechanism which would balance the two... The cumulative impacts of cannabis operations will increase proportionately with the area of land that is eligible for cultivation to take place... More stringent mitigation for this impact, such as prohibiting rezoning of TPZ parcels for commercial cannabis cultivation, prohibiting expansion of the agricultural use of TPZ zoned parcels for commercial cannabis cultivation, and prohibiting all commercial cannabis operations on TPZ zoned parcels would be the environmentally responsible decision.... The Ordinance and the Pest Management Plans should reduce or prohibit the use of rodenticides.... Revenues from enforcement fines, licensing fees, and sales tax should also be dedicated to environmental remediation from sites where cannabis activities continue to impact ecosystem services. Without these measures, it seems speculative to conclude that impacts will be mitigated to a less than significant level with mitigation by a sustained and enhanced enforcement program.

Sierra Club of Santa Cruz County: ... How will only one or two inspectors be able to monitor the increasing number of commercial grow sites? The money generated by this new industry must be dedicated to hire a team of inspectors checking sites regularly to make sure the growers are educated about the importance of ecological regulations and to verify growers are actually and strictly following them.... Secondly, this DEIR does not even include a section on Water Resources and the impact this cannabis industry will have on our very limited, local water supply. With population growth and climate disruption in the form of years of re-occurring drought, our county water supply is constantly under stress. It is astounding that our limited water resources are not addressed when this industry will demand thousands of gallons of water from our already depleted aquifers. Where will this water come from?

Aptos resident: We live in the Day Valley area of Aptos, which is a rural residential area. We support keeping the mass cultivation of cannabis to areas in the county once used for greenhouse crops, such as flowers, rather than mingling smaller operations amongst residential areas. We strongly support Zach Friend's stance on the topic.

County resident: These are very short-term minded people. They grow a crop at any cost, use the gypsy trimmers who usually bring dogs which they dump at the end of harvest season, smuggle to the highest bidder, get out to a foreign country to spend the money, then repeat. They bring in little money relative to the environmental cost, the criminal behavior, and the breaking of every rule of law for a quick profit. In another county in northern California where I lived 5 years, pot growers would pump a neighbor's pond dry in the

night, break off the fire hydrants, and pump from any other source that was available, usually with extensive damage to the watershed. Many of the growers were transient felons from other states. The local growers in that county claimed no income, paid no income tax, drove Escalades and Rovers, dropped their children off at school for free lunches and after-school care, then took them to Costa Rica or France for a month in January, shot their neighbors over petty disputes, etc. etc. I worked for the forest service in that county and encountered cartel grows where large tracts of public land were clearcut, eroded, piped, littered, and vacated. All small growers aspire to grow on that scale. In fact that county had a grow restriction of limited canopy per acre that equalled two plants per acre. Every grower, many of them family units, would raise 99 plants minimum on a tiny plot of land totally disregarding the county ordinances, because no local law enforcement would bother them, for whatever reason. The feds flew into the county every fall and hauled off trailers of plants, but unless your grow was larger than 100, no legal action followed. There was nothing to lose and vast riches to be gained. They drove maniacally, always rushing somewhere in their doper diesels, passing on curvy double yellow roadways. If grows are allowed, growers will search incessantly for the cheapest methods to raise a crop. This means the most dangerous pesticides, the least expensive water, and the most amount of garbage buried on site or dumped in the creeks. And if the crop cannot pass California's new testing, it will be shipped to Texas, or wherever the market is strongest and less discerning. Take a trip north to Trinity or Humboldt and decide if you like what you see. The toughest regulations have proven ineffective against the money madness that pot crops offer.

County resident (unidentified): Grow location should only be sited on agricultural lands where they can be easily monitored and not subject mountain wildlife and residential uses to environmental problems and nuisances of noise, fire risk, increased mountain road activity that would likely accompany grow locations in the mountains....The value found in residential properties in the mountains is partly due to freedom from such usage....Grow sites should only be in agricultural areas. Not on special use zoned parcels. Because of the potential for criminal activity at an extremely high valued crop location, as well as fire and environmental considerations, grow sites should not be within 1000' of residential even if residential is in agricultural zone. Any potential grow site should require a public hearing with notice to all properties within 5000'...It would be better to strictly regulate marijuana cultivation at the beginning....There is no need to reward those who have grown illegally by providing them with relaxed restrictions.

## **STATE AND LOCAL AGENCIES**

California Department of Fish and Wildlife, 12 page response: ...CDFW was one of the first agencies in the State to draw attention to the near exponential growth and substantial adverse impacts of cannabis cultivation on forest lands, including impacts from water diversions and stream dewatering, forest clearing and conversion, pollution, and sediment discharges....CDFW's primary concerns regarding the draft EIR and proposed Project include: 1. The environmental baseline in the draft EIR, including in the cumulative context, does not accurately reflect the existing condition of cannabis cultivation in the County and its adverse impacts on fish and wildlife. 2. Potentially significant impacts to fish and wildlife are not addressed in the draft EIR. 3. As specifically identified below, CDFW does not agree the mitigation identified by the County in the draft EIR will reduce impacts to fish and wildlife below a level of significance.

California Department of Forestry and Fire Protection: If the use of Timberland is proposed for a change from growing commercial species to another use, then a Timberland Conversion Permit is required (PRC 4621). Over the years, our office has responded to numerous violations of these rules. This has been pointed out in our comments on the Notice of Preparation for this EIR. To some extent they have been addressed in this DEIR, but must still be emphasized by CAL FIRE as needing additional clarification and analysis....Prior to widespread Cannabis cultivation, fires in wildland areas were significantly easier to suppress simply because they were vacant land. Now in many areas the land has been altered and occupied. Where previously we

could concentrate on suppression of a fire and keeping a fire small, we now must concentrate on protecting lives and property where Cannabis grows have been created. Essentially we trade acres for lives and property. Frequently we respond to wildland fires where development is not known to exist and we find unpermitted structures and inappropriate and substandard road construction. It is possible that the Bear Fire could have been kept far smaller than 300 acres if our initial response didn't have to go directly into structure protection on the numerous unpermitted hidden grows and homes in the Deer Creek community...At this time we have recorded 14 firefighters injured during the Bear Fire. Several suffered traumatic injuries, and one firefighter is still in the hospital. The majority of the saved structures within the perimeter appear to be associated with grows, putting firefighters at risk to protect infrastructure. Firefighters were injured protecting marijuana grows because of the numerous structures and human habitation that goes along with this type of development....A majority of the issues discussed above are directly associated with Cannabis growing operations in Timberland. It should be noted that if Cannabis growing were to be prohibited on Timberland in Santa Cruz County, most of these issues and associated costs/risks could be avoided. Designating land that has historically been utilized for agriculture, specifically nurseries, would be more appropriate land management than converting Timberland to Cannabis cultivation.

Monterey Bay Air Resources District – 2 page response:... The Air District recommends requiring cultivation, processing and manufacturing of cannabis to be conducted indoors only so that nuisance odors, dust and pesticides are more effectively controlled. While growing cannabis indoors may increase the use of energy and GHG emissions, it would significantly reduce odor and dust impacts on the local community. Please model Santa Cruz County's cannabis rules after Monterey County's by requiring that all cultivation, processing and manufacturing of cannabis be done indoors... As stated above, the Air District cannot support outdoor cultivation, processing or manufacturing of cannabis. ☐

City of Santa Cruz Water Department, 9 page response: ...Commercial cannabis cultivation and the related concentrates manufacturing activities would be no different than other industrial agribusiness activities... Rather than trying to impose complicated licensing conditions upon operations that are inherently ill-suited to their current locations in the mountains, which the County plainly admits...limiting this commercial activity to areas already dominated by agribusiness and industry would seem to warrant greater consideration...a more environmentally protective alternative would be to focus on enforcement and consciously move industrial scale cannabis operations to existing agribusiness and industry...and out of the mountainous regions which provide other more important functions for the County such as water supply, cold water fisheries, timber resources, recreation, etc....Cumulative Impacts...Clearing forest, compacting soils, removal of forest floor duff and exposure of bare soil will reduce the ecosystems' opportunity to slow storm water and allow recharge into shallow groundwater. Increased human activities into previously inaccessible or undevelopable landscapes will increase landslides, reduce wildlife habitat and connectivity, increase ignitions of wildfires and negatively impact water resources regardless of the rigor of implementation of the preferred alternative.

Coastal Watershed Council: Too often, regulations are put into place without the resources to affect the outcomes intended by the ordinance or code. Already the County has riparian protection ordinances that are partially enforced due to limited County resources, despite the diligent efforts of competent and committed County staff. CWC recommends that the County carefully consider the implementation of the regulations as final language is considered. We believe that the importance of this aspect of the regulation-crafting process cannot be overstated. We support the most restrictive alternative and strongly believe that careful attention for how to fund and manage the roll out of these regulations is the path that best serves the local economy...

Farm Bureau of Santa Cruz County: Commercial farms are subject to extensive health and safety, environmental and worker protection regulations. The draft EIR does not recognize that all of these program exist, and appears to pick and choose which should be applied to cannabis grows. Cannabis farmers should be

subject to the same regulations, including land use, as all other farmers, plus those unique to cannabis... CA Zones Land: Based on this criteria the environmentally superior alternative should be allowing co-location of multiple licensees, in order to maximize utilization of Ag land, in on CA zoned land, with a preference for existing greenhouses. Existing greenhouses, which the EIR points out as underutilized, and CA zoned land in general, avoid or mitigate every identified negative impact. Our workers will continue to be employed, not contributing to additional traffic congestion. There will be no new development so there is no impact to biological, cultural, geology and soils, and no increase to greenhouse gas emissions. Our farm land and greenhouses have existing agricultural water wells. This the the environmentally superior alternative.

San Lorenzo Valley Water District, 4 page response: ...The majority of cannabis licensees are located in the mountain regions of the county with steep forested slopes & unstable soils. Formerly, these areas were not suitable for most agricultural activities. Maximizing eligibility for these areas would involve significant amounts of soil disturbance, which would result in significant impacts to water quality, groundwater recharge, base flows, and forest health....impact water resources regardless of how well the laws set by the regulatory agencies are followed. The cumulative impact of cannabis operations will increase proportionately with the area of land that is eligible for cultivation to take place. The cumulative impact section does not adequately describe the cumulative impacts...While it is difficult to determine the number of cultivators who did not register, the majority of cultivator who are not participating in the County's Registration Program are currently and likely to continue to operate illegally causing untold environmental damage to ecosystems services without an adequate enforcement program.

Soquel Creek Water District, 7 page response: ... We do not understand your statement that this impact would be less than significant when the Mid-County Groundwater Basin and the Pajaro Basin are both designated as being in critical overdraft and have seawater intrusion occurring. Thus, additional water use does have an impact, and in critically overdrafted seawater intruded basins any additional water use could have significant consequences.... Additional removal of water from a basin that is Stage 3 critically overdrafted is not feasible.

Resource Conservation District: Forestlands, including working forests, provide a suite of ecosystem services and public benefits. ... Including more rigorous mitigation for this impact such as prohibiting rezoning of TPZ parcels for commercial cannabis cultivation, prohibiting expansion of the agricultural use of TPZ zone parcels for commercial cannabis cultivation or prohibiting all commercial cannabis operations on TPZ zone parcels seems appropriate.

## **SANTA CRUZ COUNTY COMMISSIONS**

Santa Cruz County Commission on the Environment, 5 page response: We believe that greater environmental protection would result from higher standards, better brand recognition and greater market access for legal operations, as is more closely represented by Alternative 1 — Most Restrictive Alternative.

Santa Cruz County Fish and Wildlife Advisory Commission, 10 page response: Commercial cannabis cultivation and the related concentrates manufacturing activities would be no different than other industrial agribusiness activities if not for its federally illegal status and the associated culture which has grown around illegal cultivation since the 1970s. Trying to impose rigorous licensing conditions upon operations that are inherently ill-suited to their current locations, primarily in the mountains (which the County plainly admits in this document), is likely to be less successful than desired. Limiting this commercial activity to areas already dominated by agribusiness seems more appropriate. ... to consciously move this activity into existing agribusiness – dominated areas of the County (including coastal areas) and out of mountainous areas, which provide other important functions for the County like water supply, cold water fisheries, recreation, etc.

Santa Cruz County Water Advisory Commission, 6 page response:....with cannabis now coming out of the legal shadows and the relatively new found ability to openly cultivate in greenhouses, an alternative would be to consciously move this activity into existing agribusiness – dominated areas of the County and out of mountainous areas, which provide other important functions for the County water supply, cold water fisheries, recreation, etc....Limiting this commercial activity to areas already dominated by agribusiness seems more appropriate....an alternative would be to consciously move this activity into existing agribusiness-dominated areas of the County and out the mountainous areas which provide other important functions of the County water supply....Including more rigorous mitigation for this impact such ...Including more rigorous mitigation for this impact such as prohibiting rezoning of TPZ...prohibiting expansion of the agricultural use of TPZ...prohibiting all commercial cannabis operations on TPZ zoned parcels seems appropriate. The most permissive alternative...seems like a logical stretch to say that it is therefore the environmentally superior alternative.