



COUNTY OF SANTA CRUZ

PLANNING DEPARTMENT

701 OCEAN STREET - 4TH FLOOR, SANTA CRUZ, CA 95060
(831) 454-2580 FAX: (831) 454-2131 TDD/TTY: CALL 711

KATHLEEN MOLLOY, PLANNING DIRECTOR

May 22, 2019

Agenda Date: May 29, 2019

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

Subject: Public Hearing on County Code Amendments Relating to Non-Retail Commercial Cannabis

Members of the Planning Commission:

The purpose of this item is for the Planning Commission to conduct a public hearing and provide a recommendation to the Board of Supervisors related to proposed changes to the Non-Retail Commercial Cannabis Program regulations contained in Santa Cruz County Code Chapters 7.128 and 13.10.

Background

On April 23, 2019, the Cannabis Licensing Office (CLO) presented a quarterly report on licensing activities to the Board of Supervisors, which included information on policy and regulations in Santa Cruz County Code Chapters 7.128 and 13.10 that could be changed in order to increase the number of licensees in the program and reduce the time it takes to achieve licensure. The Board directed the CLO to return with draft recommendations for code changes to address topics including nursery and processor licenses, revised definition of canopy to consider immature plants, eligibility for applying for license, canopy limits, processing of license applications and land use permit applications, and advertising. The Board also directed the Cannabis Licensing Office and Planning Department to prepare a plan of how the goal of issuing 75 licenses by this time next year may be achieved.

On May 14, 2019 the CLO presented recommended code changes to the Board of Supervisors. The Board directed staff to bring the proposed changes to the Planning Commission in a public hearing on May 29, 2019, for the Commission to consider the proposed amendments and to make recommendations to the Board for their consideration on June 11, 2019.

Description and Analysis

In addition to a state license, non-retail cannabis businesses require a local license issued by the CLO and a use permit(s) issued by the Planning Department, including environmental review under a California Environmental Quality Act (CEQA). Depending on the scope and scale of operations the use permit may require public notice and a public hearing.

Only a small percentage of eligible people participating in the County's registration process have followed through and made application for a cannabis license. The CLO has identified barriers to more people participating in licensing and has brought the analysis, along with recommendations, to the Board of Supervisors for consideration. The April 23, 2019 report to

the Board of Supervisors from the CLO (Exhibit G) describes the current status of licensing and permitting as summarized in the following table:

Local Letters of Authorization and State Temporary Licenses	63
Completed License Pre-Application Process	59
Pre-Applications on Commercial Agricultural Land	32
Pre-Applications Representing Co-Location	20
Potential Licenses Represented by Pre-Applications	131
Pre-Applications Cleared by CLO to Apply for Land Use Permits	42
Land Use Permit Applications	9
Land Use Permits Approved	1
Potential Licenses Represented by Approved Permit	15
Licenses Issued	0

The May 14, 2019 report to the Board of Supervisors from the CLO (Exhibit H) describes the proposed changes to SCCC 7.128 and 13.10. The changes are intended to address business issues in the Cannabis industry, potential conflicts between State and local law as the State continues to refine rules and regulations, and emerging issues in the licensing process and land use permit process. The goal of the proposed amendments is to enable the issuance of more permits and licenses.

Proposed changes to SCCC 7.128

New terms are added to the definitions section of SCCC 7.128:

Two new license classifications are added. Class N licenses are for cannabis nursery activity on parcels zoned CA, A, RA, TP, and SU. This license allows operation of a stand-alone nursery dealing with immature plants and seeds. Class P licenses allow processing of Cannabis which is not cultivated on site, on parcels zoned CA, C-4 and M. Class P licensed operations are restricted to existing structures. Class N and Class P are types of cultivation licenses, as opposed to manufacturing or distribution licenses, because nursery and processor operations are functions of a cannabis cultivator.

Restrictions on eligibility for licenses are lifted in that applicants will no longer be required to have registered with the County system in 2016 or meet the exception to registration allowed for commercial farmers.

Canopy and Cultivation Area Limits would change to differentiate between canopy (mature plants) and immature and nursery plant growth areas. This would align with State policy and allow operators to pay State license fees based on the canopy they cultivate rather than on planting areas that include immature plants that do not produce.

The addition of up to 50% more cultivation area may be allowed on CA zoned parcels for the cultivation of immature plants and nursery operations. This change would include up to an additional 1.25% of the total parcel size for single licensees and up to 2.5% of total parcel size for co-location sites.

An additional 11,000 square feet of immature plant growth area may be allowed for single parcel class C-4 and M licenses. This addition is not applicable to parcels within the coastal zone.

An exception is added for cultivation area limits on single parcel indoor cultivation sites in the CA zone outside of the coastal zone and the coastal zone plus 1-mile area. This exception allows additional cultivation area, up to an amount determined by the Cannabis Licensing Official, on CA zoned parcels property where the buildings and infrastructure for the cultivation will occur on existing impervious surface, and therefore new areas of agricultural soil will not be disturbed to obtain the additional cultivation area. To qualify for the exception the impervious area must have been permitted or be legally non-conforming and must have existed prior to April 18, 2019. Further, any cannabis related use, including any new associated structure, on CA zoned parcels is subject to findings in SCCC 13.10.314(A), ensuring the protection of agricultural resources, regardless of the level of the permit. For comparison, for non-cannabis agricultural related development, only Level 5 and higher permits are subject to the findings.

The 100,000 square foot cumulative limit on canopy in zones C-4 and M is removed. The CLO will continue to monitor and evaluate the scale and location of cannabis enterprises to comply with General Plan Policy 2.2.1.4, regarding the availability of commercial, manufacturing, and industrial space for a variety of economic enterprises. An update of the amount of area currently licensed and pending for licensing in C-4 and M zones would be reported to the Board in the CLO quarterly reports.

Clarifications are added in the manufacturing and distribution license categories, and signage and advertising requirements are changed for consistency with retail industry requirements.

Changes to minimum parcel size, total amount of allowed canopy per parcel other than in CA, or to other restrictions, such as those in RA that allow only cultivation operations that existed prior to 2013 or those in TP that limit removal of trees, are not contemplated in these amendments.

Proposed changes to SCCC 13.10

Revisions to the agricultural use chart Section 13.10.312(B), the commercial use chart 13.10.332(B), and the industrial use chart 13.10.342(B) to reduce the level at which an application is processed as follows:

In the CA zone:

- From Level 5 to 3 for cannabis cultivation within existing greenhouses where the proposed cultivation is greater than 20,000 square feet. For comparison, a non-cannabis greenhouse replacement, reconstruction, or structural alteration requires only a building permit.
- From Level 5 to 3 for new greenhouses between 2,000 and 20,000 square feet outside the coastal zone and the one-mile buffer to the coastal zone, and Level 4 when the

greenhouse(s) are greater than 20,000 square feet. For comparison, a new non-cannabis greenhouse outside the coastal zone between 500 and 20,000 square feet requires a Level 3 permit, and a Level 4 if the greenhouse is greater than 20,000 square feet.

- From Level 5 to 3 for outdoor cultivation within the coastal zone and the one-mile buffer to the coastal zone. For comparison, outdoor field, row, nursery, and orchard crops are principally permitted uses in the CA zone and no use permit is required.
- From Level 5 to 3 for Class 1 cannabis distribution inside the coastal zone and the one-mile buffer to the coastal zone, greater than 2,000 square feet, in existing legal structures. (Class 1 distribution refers to businesses that only transport their own material.)
- From Level 5 to 4 for class 1 cannabis distribution outside the coastal zone and the one-mile buffer to the coastal zone in new legal structures greater than 2,000 square feet, and from Level 5 to 3 in existing legal structures. (This amendment regarding existing legal structures was originally presented to the Board as a change from Level 5 to Level 4. However, staff has revised this amendment to indicate a change from Level 5 to 3 in existing legal structures. This would be consistent with the amendment described in the paragraph above applicable inside the coastal zone and one mile buffer).

In the C-4 and M zones:

- Use permits for indoor cultivation in existing legal structures are proposed to be reduced from Levels 4, 5, and 6, depending on size, to Level 3.

Changes are made to SCCC 13.10.650(C)(3)(i) to reflect the proposed changes to canopy and cannabis cultivation area limits in SCCC 7.128.

A new provision SCCC 13.10.650(C)(5)(a) is added to limit the height of new cannabis-related structures in the A zone district to 28 feet instead of the 40-foot height limit for other agriculture-related structures. This is included because owners of buildings for nurseries (N license types) may prefer them to be as tall as allowed to accommodate vertical shelving, and the A zone height is currently higher than in other zone districts.

A change is made to SCCC 13.10.650(D)(2)(d)(i) to delete the open-air extraction exception, which is in conflict with State regulations.

Staff recommends these modifications to the agricultural use charts to further encourage the cannabis cultivation that occurs to be located in the CA zone. Modifications to the C-4 and M zones for existing structures are proposed to streamline the use permit review process for interior building modifications. Collectively these changes are needed to meet the Board's goal of issuing 75 licenses by this time next year.

Informational Summary of Processing Levels

The regulations regarding processing levels are contained in SCCC Chapter 18.10. The level determines whether there is public notice and public hearing, who the decision maker is, and the appeal process.

Level 7 requires a public hearing before the Board of Supervisors . Level 6 requires a public hearing before the Planning Commission, and. Level 5 requires a public hearing before the

Zoning Administrator. Level 5, 6, and 7 require public notice to owners and occupants of properties surrounding the project site. Decisions of the Planning Commission and the Zoning Administrator are appealable by the applicant or affected party to the Board of Supervisors or the Planning Commission, respectively. Level 4 is a staff level determination with public notice, and the staff decision is appealable by the applicant or affected party to the Zoning Administrator. Level 3 is a staff level review, without public notice, which may be appealed by the applicant, to the Planning Director.

At the discretion of the approving body, any permit approval or appeal may be referred to the next higher level if the project merits more extensive review. In this manner a controversial project may be elevated to a higher level. Appeals pending before the Planning Director may be referred to the Zoning Administrator or Planning Commission. In addition, during any appeal period a member of the Board may request the matter be placed on the Board's agenda for public hearing for special consideration.

Next Steps

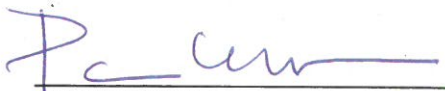
The Board of Supervisors has set a public hearing to consider the Planning Commission's recommendation on June 11. If approved, the amendments will be forwarded to the Coastal Commission for certification.

Recommended Action

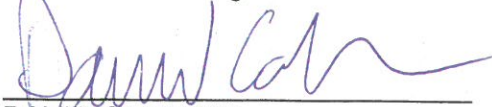
It is therefore RECOMMENDED that the Planning Commission take the following actions:

1. Conduct a public hearing on the proposed amendments to the General Plan / Local Coastal Program and Santa Cruz County Code; and
2. Adopt the attached resolution (Exhibit A) recommending that the Board of Supervisors approve the CEQA Notice of Exemption (Exhibit B) and adopt the proposed amendments to the Santa Cruz County Code (Exhibits C and D).

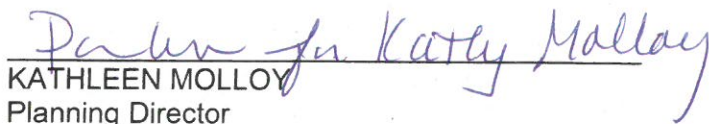
Sincerely,



PAIA LEVINE
Assistant Planning Director



DAVID CARLSON
Resource Planner



KATHLEEN MOLLOY
Planning Director

Exhibits:

Exhibit A: Resolution

Exhibit B: CEQA Notice of Exemption

Exhibit C: Santa Cruz County Code 7.128 Amendments

Exhibit D: Santa Cruz County Code 13.10 Amendments

Exhibit E: Santa Cruz County Code 7.128 Amendments Strikethrough-Underline

Exhibit F: Santa Cruz County Code 13.10 Amendments Strikethrough-Underline

Exhibit G: Board of Supervisors Letter April 23, 2019 (no attachments)
(For attachments see Board of Supervisors Agenda April 23 2019 Item 14 at
https://santacruzcountycal.ca.gov/Citizens/Detail_Meeting.aspx?ID=1717)

Exhibit H: Board of Supervisors Letter May 14, 2019 (no attachments)
(For attachments see Board of Supervisors Agenda May 14, 2019 Item 16 at
https://santacruzcountycal.ca.gov/Citizens/Detail_Meeting.aspx?ID=1718)

cc: County Counsel

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
AMENDMENTS TO VARIOUS SECTIONS OF CHAPTER 7.128 OF THE
SANTA CRUZ COUNTY CODE REGARDING LICENSES FOR NON-RETAIL
COMMERCIAL CANNABIS BUSINESSES AND RELATED AMENDMENTS
TO SANTA CRUZ COUNTY CODE SECTIONS 13.10.312, 13.10.332, 13.10.342,
13.10.650 AND 13.10.700-C.**

The Santa Cruz County Planning Commission hereby finds and declares:

WHEREAS, the Board of Supervisors directed the Cannabis Licensing Office (CLO) and the Planning Department to prepare amendments to various sections of the Santa Cruz County Code in order to increase the number of non-retail commercial cannabis licensees, and reduce the time it takes to achieve licensure for the non-retail commercial cannabis operators; and,

WHEREAS, on April 23, 2019 and May 14, 2019 the Board of Supervisors considered proposed revisions to Santa Cruz County Code Chapters 7.128 and various sections of SCCC 13.10; and,

WHEREAS, the Board of Supervisors ^{ed} direct the Planning Commission to hold a public hearing on the proposed changes to the Cannabis Program at its meeting of May 29, 2019, and to prepare a recommendation for Board consideration; and,

WHEREAS, the Board of Supervisors has scheduled a public hearing on June 11, 2019 to consider the recommendations of the Planning Commission on the proposed amendments to Chapter 7.128 and proposed amendments to 13.10; and,

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

APPROVED AS TO FORM:

A handwritten signature in blue ink, appearing to be "J. Davis", written over a horizontal line.

Office of the County Counsel

cc: County Counsel
Planning Department



County of Santa Cruz

PLANNING DEPARTMENT

701 OCEAN STREET, 4TH FLOOR, SANTA CRUZ, CA 95060
(831) 454-2580 FAX: (831) 454-2131 TDD: (831) 454-2123

KATHLEEN MOLLOY, PLANNING DIRECTOR

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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 and 13.10 REGARDING 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: Amendments to Chapter 7.128 of the Santa Cruz County Code regarding licenses for non-retail commercial cannabis businesses, and amendments to Santa Cruz County Code Sections 13.10.700-C, 13.10.312, 13.10.332, 13.10.342, AND 13.10.650 regarding land use permitting of non-retail commercial cannabis businesses. 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.

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.

X 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**

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

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Chapter 7.128 LICENSES FOR NON-RETAIL COMMERCIAL CANNABIS BUSINESSES

Sections:

- 7.128.010 Purpose.**
- 7.128.030 Definitions.**
- 7.128.050 Prohibited activities.**
- 7.128.070 Creation of the Non-Retail Commercial Cannabis Business Licensing Program.**
- 7.128.090 License required.**
- 7.128.110 Cannabis cultivation licenses.**
- 7.128.130 Cannabis manufacturing licenses.**
- 7.128.150 Cannabis distribution licenses.**
- 7.128.170 General requirements applicable to all non-retail commercial cannabis license types.**
- 7.128.190 Denial or revocation of license; remedies.**
- 7.128.210 Enforcement.**

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 [7.124](#) and [7.134](#). [Ord. 5273 § 2, 2018].

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

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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 in Business and Professions Code Section [26001](#)(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 SCCC [13.10](#) , to the extent there may be minor differences.

(F) “Cannabis cultivation area” means the sum of the canopy, immature plant growth area and the nursery square footage, as applicable.

(G) “Cannabis distribution” means the activity of transporting cannabis or cannabis products between licensees, and any ancillary activity, such as cannabis flower packaging, pre-roll packaging, 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 SCCC [13.10](#), to the extent there may be minor differences.

(H) “Cannabis greenhouse” means an agricultural structure constructed of glass or an opaque material which allows natural light to enter and a framing material (e.g. wood, steel, aluminum) that may be open to the elements periodically, including by retracting the walls or roof.

(I) “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

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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 SCCC [13.10](#), to the extent there may be minor differences.

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

(K) “Cannabis nursery” means an operation with a Class N license engaged in activity or activities associated with producing clones, immature plants, and seeds.

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

(M) “Cannabis processing” means all activities associated with the drying, curing, grading, trimming, rolling, storing, packaging, and labeling of non-manufactured cannabis products. Cannabis processing is a type of cultivation activity.

(N) “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.

(O) “Canopy” means the designated area(s) at a licensed premises, except nurseries and processors, that will contain mature 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.

(P) “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:

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- (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).

(Q) “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.

(R) “Cultivation site,” “cultivation facility,” or “facility,” when used with reference to cultivation, means a location where cannabis is cultivated, and includes any structures used for cultivation activities.

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

(T) “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.

(U) “Flowering” means that a cannabis plant has formed a mass of pistils measuring greater than one-half inch wide at its widest point.

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

(W) “Hoop house” means an agricultural shade structure as described in SCCC [12.10.315](#).

(X) “Immature plant” means a cannabis plant which has a first true leaf measuring greater than one half inch long from base to tip (if started from seed) or a mass of roots measuring greater than one half inch wide at its widest point (if vegetatively propagated), but which is not flowering.

(Y) “Immature plant cultivation area” means the specific area on a site where activities associated with producing clones and immature plants takes place.

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(Z) “Indoor” or “indoors” means any area that is contained within an enclosed structure that contains exterior walls and a roof, including cannabis greenhouses. 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.

(AA) “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 a topical (such as a lotion, salve, or soap) product.

(BB) “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.

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

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

(EE) “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.

(FF) “Mature plant” means a cannabis plant that is flowering.

(GG) “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.

(HH) “Nonmanufactured cannabis product” means flower, shake, leaf, pre-rolls, and kief that is obtained from accumulation in containers or sifted from loose, dry cannabis flower, or leaf with a mesh screen or sieve.

(II) “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 [7.130](#).

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(JJ) “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 nonhydrocarbon-based solvent or other solvent such as water, vegetable glycerin, vegetable oils, animal fats, or food-grade glycerin; and (3) chemical extraction using a professional closed-loop CO₂ gas extraction system.

(KK) “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.

(LL) “Outdoor” or “outdoors” means any area that is not “indoors” as defined in this chapter.

(MM) “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.

(NN) “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. With the exception of parcels located in the RA zone district, and parcels located in the SU zone district with a General Plan designation of “R-M” (Mountain Residential) or “R-R” (Rural Residential), 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.

(OO) “Person” includes any individual, 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.

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

(QQ) “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.

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(RR) “SCCC” means Santa Cruz County Code.

(SS) “Structure” shall have the meaning ascribed by SCCC [13.10.700-S](#).

(TT) “Volatile extraction” means chemical extraction using volatile solvents.

(UU) “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.

(VV) 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.” [Ord. 5273 § 2, 2018].

7.128.050 Prohibited activities.

(A) 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 noncommercial purposes, see SCCC [7.124](#) and [7.134](#).

(1) Exception: A cultivation site granted an exemption by the Planning Director pursuant to SCCC [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.

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(D) It is unlawful and shall constitute a public nuisance for any person to cultivate, manufacture, or distribute cannabis or cannabis products for commercial purposes in violation of any provision of this chapter.

(E) 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. [Ord. 5273 § 2, 2018].

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). [Ord. 5273 § 2, 2018].

7.128.090 License required.

(A) Original License.

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(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 30 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 cultivation area (cultivation should take place in a single growing area where total canopy may be easily measured, or as few areas as reasonably possible, rather than spread throughout the parcel);

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(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 [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 [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.

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(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 subsection (B) of this section.

(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.

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(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 subsection (A) of this section;

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

(c) 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;

(d) A copy of the applicant's State license to engage in the commercial cannabis activity;

(e) Proof of compliance with workers' compensation insurance requirements;

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

(g) 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

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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. The Licensing Official is required to inspect the licensed premises at least once every three years, based on the date the last physical inspection took place.

(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 subsection (A)(2)(b) of this section 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 [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

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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 subsection (A)(2)(b) of this section 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 SCCC [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 SCCC [7.130](#) if all business activities meet all requirements of this chapter and SCCC [7.130](#). The operations of co-located licensees cannot exceed those authorized under the use or development permits granted under SCCC [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.

(3) The CG License type is not eligible for co-location.

(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

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cannabis businesses operating on adjacent parcels and sharing infrastructure that would otherwise be individually required if the businesses were operating alone. With the exception of the CG License type, 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 nonrefundable 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.

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(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. [Ord. 5273 § 2, 2018].

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 [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.
- (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.

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

(7) Class SU licenses for cultivation taking place on parcels zoned SU (Special Use) with a General Plan land use designation of “AG” (Agriculture), “R-R” (Rural Residential), “R-M” (Mountain Residential), or “I” (Heavy Industry), per the SCCC Zoning Ordinance.

(8) Class CG licenses for cottage gardens located on parcels zoned A, RA, TP, and SU per the Santa Cruz County Zoning Ordinance.

(9) Class N licenses for cannabis nursery activity on parcels zoned CA, A, RA, TP and SU, per the SCCC Zoning Ordinance

(10) Class P licenses for activities solely related to cannabis processing (no actual cultivation), on parcels zoned CA, C-4 and M, per the SCCC Zoning Ordinance.

(B) General Eligibility Restrictions for Cultivation Licenses.

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

(2) Class CG Licenses are limited to those persons that can demonstrate the additional following criteria to the satisfaction of the Licensing Official:

(a) The person has been continuously cultivating cannabis for commercial purposes on the parcel that is the subject of the application since before January 2013;

(b) The County has received no complaints about the cultivation in the five years preceding the date of the application;

(c) The person lives on the parcel; and

(d) The person has accounted for and paid all cannabis business taxes owed to the County for cannabis sales that occurred after November 9, 2016.

(3) Class RA Licenses are limited to cultivation sites existing since before January 2013. RA Licenses may not be issued to develop a new cultivation site.

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(4) Class N licenses are subject to the same eligibility requirements as Class RA, TP and SU licenses in the zone districts where those licenses are required.

(5) 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 SCCC [7.128.090\(E\)](#).

(6) 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.

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

(C) Canopy and Cultivation Area Limits.

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

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

(i) For single licensees on a single parcel, up to two and one-half percent of the size of the parcel may be utilized for canopy, immature plant growth areas and/or nursery operations, not to exceed 22,000 square feet. An additional 1.25 percent of the size of the parcel may be utilized for nursery operations or immature plant growth areas or some combination of both, not to exceed eleven thousand (11,000) square feet. Cultivation area shall not exceed 22,000 square feet, for outdoor cultivation, within the coastal zone

(ii) For co-location on parcels smaller than 20 acres, up to five percent of the size of the parcel may be utilized for canopy, immature plant growth areas and/or nursery operations, not to exceed one acre total among all licensees. An additional 2.5 percent of the size of the parcel may be utilized for nursery operations or immature plant growth areas or some combination of both, not to

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exceed twenty-two thousand (22,000) square feet. Cultivation are shall not exceed one acre, for outdoor cultivation, within the coastal zone.

(iii) For co-location on parcels 20 acres or larger where cultivation is conducted outdoors or requires new structural development, up to five percent of the size of the parcel may be utilized for canopy, immature plant growth areas and/or nursery operations, not to exceed two acres total among all licensees. An additional 2.5 percent of the size of the parcel may be utilized for nursery operations or immature plant growth areas or some combination of both, not to exceed one acre. Cultivation are shall not exceed two acres, for outdoor cultivation, within the coastal zone.

(iv) Exception to Co-Location Cultivation Area Limits with Class CA License: For co-location on parcels 10 acres or larger where cultivation takes place solely within permitted structures existing as of November 2016, cultivation area limits will be set by the Licensing Official.

(v) Exception to cultivation area limits on existing impervious surfaces. The Licensing Official may approve a larger cultivation area than subsection i- iii above in CA zone districts when the cultivation meets the following criteria:

(1) Cultivation occurs on a single parcel, indoors, not in the coastal zone or coastal zone plus 1 mile area;

(2) Development, including all site disturbance necessary to construct, reconstruct or remodel the building(s) and infrastructure to serve the buildings, including but not limited to parking, access, turn around, water supply, equipment and storage, occurs only where the ground is covered with existing impermeable surface. The impervious area where development will occur must have been duly permitted or be legally non-conforming pursuant to SCCC 13.10.260, 13.10.261, 13.10.262, and 13.10.265, and must have existed prior to April 18, 2019.

(3) Development of an indoor cultivation structure on a CA parcel will include additional conditions of approval to ensure protection of agricultural resources.

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

- (i) For single licensees on a single parcel, up to one and one-half percent of the size of the parcel, not to exceed 10,000 square feet.
- (ii) For co-location on parcels smaller than 20 acres, up to three percent of the size of the parcel, not to exceed 10,000 square feet total among all licensees.
- (iii) For co-location on parcels 20 acres or larger, up to one and one-half percent of the size of the parcel, not to exceed 22,000 square feet among all licensees.

(c) Class RA License. Size of cultivation area 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 one and one-quarter percent of the size of the parcel, not to exceed 5,100 square feet on parcels between five and 10 acres in size.
- (ii) Up to one and one-quarter percent of the size of the parcel, not to exceed 10,000 square feet on parcels larger than 10 acres.

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

- (i) Canopy may not exceed 22,000 square feet.
- (ii) Immature plant growth area may not exceed 11,000 square feet.
- (iii) Cultivation area shall not exceed 22,000 square feet within the coastal zone.

(e) Class TP Licenses. Size of cultivation area 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 one and one-quarter percent of the size of the parcel, not to exceed 5,100 square feet on parcels between five and 10 acres in size.

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(ii) Up to one and one-quarter percent of the size of the parcel, not to exceed 10,000 square feet on parcels larger than 10 acres.

(iii) With a TP License, cultivation area may only be expanded on eligible sites to the maximum size identified in subsections (C)(1)(e)(i) and (ii) of this section upon specific application to expand, and only in conjunction with the additional restrictions set forth in SCCC [13.10.650](#)(B)(9)(b).

(f) Class SU Licenses. Size of cultivation area allowed, regardless of whether the parcel is occupied by one licensee or co-located licensees, subject to approval of the Licensing Official:

(i) On parcels with a General Plan land use designation of “AG” (Agriculture), “R-R” (Rural Residential), or “R-M” (Mountain Residential), up to one and one-quarter percent of the size of the parcel, not to exceed 10,000 square feet.

(ii) On parcels with a General Plan land use designation of “I” (Heavy Industry): 22,000 square feet.

(g) Class CG Licenses. Size of cultivation area allowed, subject to approval of the Licensing Official: 500 square feet.

(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.

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- (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 [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 operations.
- (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.
- (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.
- (13) Class P operations may only take place indoors, within existing structures. [Ord. 5273 § 2, 2018].

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 non-volatile 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 non-volatile solvents or no solvents.

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(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 [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 [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.

(3) Multiple licensees may be co-located (e.g., commercial kitchen facilities, or cannabis extraction facilities) in accordance with the limits established in this chapter and SCCC [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 [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 manufactured. Production of edibles in the shape of a human, animal, or fruit is prohibited.

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(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, Manufactured Cannabis Safety Branch(MCSB), 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 CO₂ 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

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- (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 is 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.

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- (14) Class 2 and 3 licensees shall, on an annual basis, provide the Environmental Health Division of the Health Services Agency, 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.
- (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 licenses may not be issued for activities in the RA zone district, or in the SU zone district where the General Plan designation is “AG” (Agriculture), “R-R” (Rural Residential), or “R-M” (Mountain Residential). Class 2 licenses may be issued for activities in the RA zone district and SU zone district where the General Plan designation is AG, R-R, or RM; however, such licenses may not be approved for extraction activities involving ethanol or CO₂ on properties less than five acres in size.
- (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. [Ord. 5273 § 2, 2018].

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 its own cannabis and cannabis products from its licensed cultivation site or manufacture facility to another licensed facility, stores its own cannabis for State testing and transport, and conducts any ancillary activity, such as cannabis flower packaging, pre-roll packaging or labeling products. 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.

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(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 any ancillary activity, such as cannabis flower packaging, pre-roll packaging or labeling products. 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 [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 [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 Section [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. [Ord. 5273 § 2, 2018].

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 SCCC [13.10](#).

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- (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. The Licensing Official shall determine on a case-by-case basis whether an event qualifies as an “emergency” for purposes of this section.
- (H) The placement or use of any roadside billboard to advertise any aspect of a cannabis business or cannabis products is prohibited, as is the placement or use of any sign that includes pricing of cannabis, details regarding specific cannabis products, cannabis photography, or graphics related to the cannabis plant, cannabis products, or cannabis paraphernalia. (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

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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 [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 Division of the County Health Services Agency.

(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 or an equivalent security measure installed to the extent allowed under the Building Code, and unless existing exterior security bars are in place, a facility shall affix bars only to the inside of a facility to reduce visual impacts.

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(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 enter or exit 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 and nursery 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.

(1) Exception: CA licensees are generally excepted from this requirement. However, based on the proximity of the facility to sensitive receptors such as schools, residences, etc., the Licensing Official may impose this requirement, or require that the licensee take other measures to control odor, as a condition for approval of a CA License.

(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 the regulations set forth in SCCC [8.30](#) (Noise).

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(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. [Ord. 5273 § 2, 2018].

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 person'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 person 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.

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- (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 onsite.
- (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 SCCC [4.06](#) (Cannabis Business Tax).
- (13) Three or more citations for violation of SCCC [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.

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(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. [Ord. 5273 § 2, 2018].

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 SCCC [19.01.030](#)(A) to address violations of this chapter, including any of the provisions set forth in SCCC [7.128.190](#). 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 [1.12.070](#)(A)(2), civil penalties for violation of this chapter 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 SCCC [1.12.070](#) for violation of a provision of this chapter, the violator shall be provided with seven calendar days from notice of the

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violation to correct the violation before the imposition of civil penalties are assessed under SCCC [1.12.070](#)(D)(2)(a).

(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 [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. [Ord. 5273 § 2, 2018].

ORDINANCE NO. _____

**ORDINANCE AMENDING SECTIONS, 13.10.312, 13.10.332, 13.10.342, 13.10.650.
13.10.700 OF 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

Section 13.10.312(B) of the Santa Cruz County Code is hereby amended to make the following changes to the agricultural use chart:

USE	CA	A	AP
Cannabis Cultivation (commercial) (subject to SCCC 13.10.650)^F			—
Indoor cultivation (existing legal structure, other than greenhouse)	3	4 ^X /5	—
New indoor cultivation structure (other than greenhouse)			—
Outside Coastal Zone and 1-mile buffer			
0—2,000 square feet	3	4 ^X /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	4 ^X /5	—
> 20,000 square feet	3	5	—
Greenhouse (new)			
Outside Coastal Zone and 1-mile buffer			
0—2,000 square feet	3	4 ^X /5	—
2,000—20,000 square feet	3	—	—
>20,000 square feet	4	—	—
Inside Coastal Zone + 1 mile	—	—	—
Outdoor cultivation (or existing legal hoop house)			
Outside Coastal Zone and 1-mile buffer	3	4 ^X /5	—
Inside Coastal Zone + 1 mile	3	4 ^X /5	—
Hoop house (new)			

USE	CA	A	AP
Outside Coastal Zone and 1-mile buffer			
0—2,000 square feet	3	4 ^X /5	—
> 2,000 square feet	3	5	—
Inside Coastal Zone + 1 mile	—	—	—
Water tank (accessory to cannabis use)	3	3	—

Cannabis Distribution (subject to SCCC [13.10.650](#))[†]

Class 1*****

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

0—2,000 square feet	3	3	—
> 2,000 square feet (new structure)	4	5	—
> 2,000 square feet (existing legal structure)	3	5	—

Inside Coastal Zone + 1 mile, existing legal structure

0—2,000 square feet	3	3	—
> 2,000 square feet	3	5	—

Class 2, existing legal structure

Outside Coastal Zone and 1-mile buffer	3	—	—
Inside Coastal Zone + 1-mile	5	—	—

[†] With a license appropriate for zoning classification pursuant to Chapter [7.128](#) SCCC. No new non-retail commercial cannabis structures may be permitted in the Coastal Zone and 1-mile buffer.

^XLevel 4 approval applies only to Class CG licensed cultivation activities.

[±] 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 II

Section 13.10.332(B) of the Santa Cruz County Code is hereby amended to make the following changes to the commercial use chart:

USE	PA	VA	CT	C-1	C-2	C-4
Cannabis cultivation (commercial) (subject to SCCC 13.10.650)[†]						

USE	PA	VA	CT	C-1	C-2	C-4
Indoor cultivation (existing legal structure other than greenhouse)						
< 5,000 square feet	—	—	—	—	—	3
5,000 to 20,000 square feet	—	—	—	—	—	3
> 20,000 square feet	—	—	—	—	—	3
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	—	—	—	—	—	—
Greenhouse (existing legal), conversion, replacement, reconstruction or structural alteration						
< 5,000 square feet	—	—	—	—	—	3
5,000 to 20,000 square feet	—	—	—	—	—	3
> 20,000 square feet	—	—	—	—	—	3
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	—	—	—	—	—	—

^F With a license appropriate for zoning classification pursuant to Chapter [7.128](#) SCCC. No new non-retail commercial cannabis structures may be permitted in the Coastal Zone and 1-mile buffer.

SECTION III

Section 13.10.342(B) of the Santa Cruz County Code is hereby amended to make the following changes to the industrial use chart:

USE	M-1	M-2	M-3
Cannabis cultivation (subject to SCCC 13.10.650)[†]			
Indoor cultivation (existing legal structure, other than greenhouse)			
0—10,000 square feet	3	3	3
> 10,000 square feet	3	3	3
New indoor cultivation structure (other than greenhouse)			
Outside Coastal Zone and 1-mile buffer			
Up to 2,000 square feet	4	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	3	3	3
> 10,000 square feet	3	3	3
Greenhouse (new)			
Outside Coastal Zone and 1-mile buffer			
< 2,000 square feet	4	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**

[†] With a license appropriate for zoning classification pursuant to Chapter [7.128](#) SCCC. 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 IV

Section 13.10.650 of the Santa Cruz County Code is hereby amended to read:

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 Chapter 7.128 SCCC; and (2) a currently valid State license required under California law. Except as expressly defined in this section, the definitions in SCCC 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 Chapter 18.10 SCCC 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, 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 Chapter 13.20 SCCC) and shall be subject to all other applicable requirements of this code and other applicable laws and regulations. Cannabis may not be cultivated or manufactured within a residence and may not be stored for distribution within a residence.

(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 exceptions to riparian setback requirements under Chapter 16.30 SCCC or to sensitive habitat

setback requirements under Chapter 16.32 SCCC shall be available for non-retail commercial cannabis use or development. 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 one-quarter 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 Chapter 16.32 SCCC and for clearing exceeding one-quarter acre in any other area. In addition to meeting standards and regulations found in SCCC Title 16 and any other applicable regulation in SCCC 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. No lighting for cultivation purposes, except that necessary for security, shall be visible at cultivation sites from sunset to sunrise.

(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 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 (ii) 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 5,500 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, 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. Within the Coastal Zone, fencing shall be minimized, in no case shall exceed six feet, and shall be designed to allow the passage of wildlife and shall not be seen from public 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 Chapter 7.38 SCCC 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 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 (C)(2), (3) and (4) of this section, 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 "R-R" (Rural Residential), "R-M" (Mountain Residential), "AG" (Agriculture) or "I" (Heavy Industry).

(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 2.5 acres (Class CG license only) or 10 acres (Class A license).

(c) The minimum parcel size for commercial cannabis cultivation in the RA zone is 2.5 acres (Class CG license only) or five acres (Class RA license).

(d) The minimum parcel size for commercial cannabis cultivation in the TP zone is 2.5 acres (Class CG license only) or five acres (Class TP license).

(e) The minimum parcel size for commercial cannabis cultivation in the SU zone is 2.5 acres (Class CG license only) or 10 acres (Class SU license) for parcels with a General

Plan designation of R-M, R-R or AG; there is no minimum parcel size for parcels in the SU zone with a General Plan designation of I.

(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.

(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. No new structures, including hoop houses (defined as agricultural shade structures exempt from building permits under SCCC 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, 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 the RA zoning district only on parcels where sufficient evidence exists that cannabis was being cultivated as of January 2013.

(f) Commercial cannabis cultivation may be permitted in SU zones only if the General Plan designation of the parcel is “R-R” (Rural Residential), “R-M” (Mountain Residential), “AG” (Agriculture) or “I” (Heavy Industry), subject to the restrictions of SCCC 13.10.382. In the SU zoning district on parcels with a General Plan designation of R-R, R-M or AG permits authorizing non-retail commercial cannabis activities may be granted only (i) on parcels of at least 10 acres where sufficient evidence exists that cannabis was being cultivated as of January 2013; or (ii) on parcels of at least 20 acres.

(g) Commercial cannabis cultivation with a Class CG license may be permitted within the A, RA, TP zoning districts and in the SU zoning district on parcels with a General Plan designation of R-R, R-M or AG on parcels of at least 2.5 acres in size where all requirements under Chapter 7.128 SCCC applicable to a Class CG license are met.

(h) 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, 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).

(i) Total cannabis cultivation area on any parcel shall not exceed the limit applicable under the currently valid license for cultivation on the parcel, subject to approval of the Licensing Official, as follows:

Zone/Class	Single Licensee	Co-Located (with approval of Licensing Official)
CA/Class CA*	For single licensees on a single parcel, up to 2.5 percent of the size of the parcel may be utilized for canopy, immature plant growth areas and/or nursery operations, not to exceed 22,000 square feet. An additional 1.25 percent of the size of the parcel may be utilized for nursery operations or immature plant growth areas or some combination of both, not to exceed eleven thousand (11,000) square feet. Cultivation area shall not exceed 22,000 square feet, for outdoor cultivation, within the coastal zone.	<p>For co-location on parcels smaller than 20 acres, up to five percent of the size of the parcel may be dedicated to canopy, immature plant growth areas and/or nursery operations, not to exceed one acre total among all licensees. An additional 2.5 percent of the size of the parcel may be utilized for nursery operations or immature plant growth areas or some combination of both, not to exceed twenty-two thousand (22,000) square feet. Cultivation area shall not exceed one acre, for outdoor cultivation, within the coastal zone.</p> <p>For co-location on parcels 20 acres or larger where cultivation is conducted outdoors or requires new structural development, up to five percent of the size of the parcel may be utilized for canopy, immature plant growth areas and/or nursery operations, not to exceed two acres total among all licensees. An additional 2.5 percent of the size of the parcel may be utilized for nursery operations or immature plant growth areas or some combination of both, not to exceed one acre. Cultivation area shall not exceed two acres, for outdoor cultivation, within the coastal zone.</p> <p>For co-location on parcels 10 acres or larger where cultivation takes place solely within permitted structures existing as of November 2016, cannabis cultivation area limits will be set by the Licensing Official.</p>
A/Class A		For co-location on parcels smaller than 20 acres, up to three percent of the size of

	For single licensees on a single parcel, up to 1.5 percent of the size of the parcel, not to exceed 10,000 square feet.	the parcel, not to exceed 10,000 square feet total among all licensees. For co-location on parcels 20 acres or larger, up to 1.5 percent of the size of the parcel, not to exceed 22,000 square feet among all licensees.
RA/Class RA	Up to 1.25 percent of the size of the parcel, not to exceed 5,100 square feet on parcels between five and 10 acres in size. Up to 1.25 percent of the size of the parcel, not to exceed 10,000 square feet on parcels larger than 10 acres.	For co-location on parcels between five and 10 acres in size, up to 1.25 percent of the size of the parcel, not to exceed 5,100 square feet. For co-location on parcels larger than 10 acres, up to 1.25 percent of the size of the parcel, not to exceed 10,000 square feet.
C-4/Class C-4 M/Class M	Canopy may not to exceed 22,000 square feet. Immature plant growth area may not exceed 11,000 square feet. Inside the Coastal Zone and one mile beyond the Coastal Zone, cultivation area shall not exceed 22,000 square feet.	Canopy may not to exceed 22,000 square feet. Immature plant growth area may not exceed 11,000 square feet. Inside the Coastal Zone and one mile beyond the Coastal Zone, cultivation area shall not exceed 22,000 square feet.
TP/Class TP**	Up to 1.25 percent of the size of the parcel, not to exceed 5,100 square feet on parcels between five and 10 acres in size. Up to 1.25 percent of the size of the parcel, not to exceed 10,000 square feet on parcels larger than 10 acres.	For co-location on parcels between five and 10 acres in size, up to 1.25 percent of the size of the parcel, not to exceed 5,100 square feet. For co-location on parcels larger than 10 acres, up to 1.25 percent of the size of the parcel, not to exceed 10,000 square feet.
SU-AG, SU-R-R, SU-R-M/Class SU	Up to 1.25 percent of the size of the parcel, not to exceed 10,000 square feet.	Up to 1.25 percent of the size of the parcel, not to exceed 10,000 square feet.
SU-I/Class SU	22,000 square feet.	22,000 square feet.
CG (A, RA, TP and SU-R-R, R-M or AG)/Class CG	500 square feet.	Not eligible for co-location.
<p>* The Cannabis Licensing Official may set a larger cannabis cultivation area in CA zone districts, subject to the following criteria (see also SCCC 7.128):</p> <p>(i) Cultivation occurs on a single parcel, indoors, not inside the Coastal Zone or within one mile beyond the Coastal Zone.</p>		

- (ii) Development, including all site disturbance necessary to construct, reconstruct or remodel the building(s) and infrastructure to serve the buildings, including but not limited to parking, access, turn around, water supply, equipment, and storage, occurs only where the ground is covered with existing impermeable surface. The impermeable area where development will occur must have been duly permitted or be legally non-conforming pursuant to 13.10.260, 13.10.261, 13.10.262, and 13.10.265, and must have existed prior to April 18, 2019.
- (iii) Development of an indoor cultivation structure on a CA parcel will include additional conditions of approval to ensure protection of agricultural resources.

****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 subsection (B)(9)(b) of this section.**

(4) Setbacks.

- (a) Commercial cannabis cultivation shall not be allowed within 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 one-quarter mile of a school if pesticides may be applied using aircraft, air blast sprayers, sprinklers, dust, powder, or fumigants.
- (c) Indoor commercial cannabis cultivation shall not be allowed within 200 feet of any habitable structure on a neighboring parcel. Outdoor commercial cannabis cultivation shall not be allowed within 400 feet of any habitable structure on a neighboring parcel.
- (d) Commercial cannabis cultivation shall not be allowed within 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 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 10 acres, commercial cannabis cultivation shall not be allowed within 200 feet of a public right-of-way. This setback does not apply when the cultivation is entirely indoors.
- (g) On parcels over 10 acres in size, commercial cannabis cultivation shall not be allowed within 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 100 feet of a perennial stream.
- (i) Commercial cannabis cultivation shall not be allowed within 50 feet of an intermittent stream or within the setbacks required by Chapter 16.30 (Riparian Corridor and Wetlands Protection) or 16.32 SCCC (sensitive habitats).
- (j) Commercial cannabis cultivation shall not be allowed within 50 feet of an ephemeral stream or within the setbacks required by Chapter 16.30 (Riparian Corridor and Wetlands Protection) or 16.32 SCCC (sensitive habitats).
- (k) Commercial cannabis cultivation shall not be allowed within 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 one 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 nonprofit land trust.
- (n) The distance specified in this subsection 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 subsection 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 Chapter 16.30 or 16.32 SCCC, 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 100 feet from a habitable structure on a neighboring parcel, except that in the M-1 and C-2 zone districts, the setback from a legal nonconforming habitable structure on a neighboring parcel may be reduced to below 100 feet or eliminated, subject to a Level 5 approval process under this subsection (C)(4)(p).

(5) Height

- (a) New cannabis related structures in the A zoning district shall not exceed 28 feet in height.

(D) Commercial Cannabis Manufacturing.

- (1) Zoning. Subject to the limitations set forth in subsections (D)(2) and (3) of this section, 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 “R-R” (Rural Residential), “R-M” (Mountain Residential) “AG” (Agricultural) or “I” (Industrial).

(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).

(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.

(b) Within the RA zone district, extraction activities involving ethanol or CO2 shall be prohibited on parcels less than five acres in size.

(c) 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.

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

(e) Cannabis manufacturing uses within the A, RA and TP zone districts and on parcels within SU zone districts where the General Plan designation is “R-R” (Rural Residential), “R-M” (Mountain Residential) or “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 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 the SU zone district where the General Plan designation is R-R, R-M or AG that include employees (excepting the owner of the parcel) shall require a Level 5 approval; provided, however, that the number of employees (excepting the owner of the parcel) for any manufacturing use on parcels in the RA zone district and on parcels within the SU zone district where the General Plan designation is R-R, R-M or AG shall be limited to five.

(f) Cannabis manufacturing uses in the A, RA and TP zone districts and on parcels within SU zone districts where the General Plan designation is “R-R” (Rural Residential), “R-M” (Mountain 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.

(g) 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 such as the location, surrounding zoning, size and/or orientation of the parcel and physical features such as grade or other physical separation from surrounding uses.

(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 one 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 (E)(2) and (3) of this section, 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 13.10.382, and in the CA Zone District within legal structures existing on the effective date of the ordinance codified in this section.

(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.

(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 distribution 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 one 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. [Ord. 5272 § 7, 2018].

SECTION V

Section 13.10.700(C) of the Santa Cruz County Code is hereby amended to add the following definitions:

“Cannabis cultivation area” means the sum of the canopy, immature plant growth area and the nursery square footage, as applicable.

“Cannabis distribution” means the activity of transporting cannabis or cannabis products between licensees, and any ancillary activity, such as cannabis flower packaging, pre-roll packaging or labeling products, or storage between transport, that is conducted in association with the distribution activity.

“Cannabis Nursery” means an operation with a class N license engaged in activity or activities associated with producing clones, immature plants, seeds. A cannabis nursery is a type of cultivation activity.

“Cannabis Processing” means all activities associated with the drying, curing, grading, trimming, rolling, storing packaging, and labeling of non-manufactured cannabis products. Cannabis processing is a type of cultivation activity.

“Canopy” means the designated area(s) at a licensed premises, except nurseries and processors, that will contain mature 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 mature 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 mature cannabis plants are being cultivated using a shelving system, the surface area of each level shall be included in the total canopy calculation.

SECTION VI

Section 13.10.700(I) of the Santa Cruz County Code is hereby amended to add the following definition:

“Immature plant” or “immature” means a cannabis plant which has a first true leaf measuring greater than one half inch long from base to tip (if started from seed) or a mass of roots measuring greater than one half inch wide at its widest point (if vegetatively propagated), but which is not flowering.

“Immature plant cultivation area” means the specific area on a site where activities associated with producing clones, immature plants, and seeds take place.

SECTION VII

This Ordinance shall take effect on the 31st day following adoption, or upon certification by the California Coastal Commission, whichever is later.

PASSED AND ADOPTED this _____ day of _____, 2019 by the Board of Supervisors and the County of Santa Cruz by the following vote:

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

CHAIRPERSON, BOARD OF SUPERVISORS

ATTEST: _____
 Clerk of the Board

APPROVED AS TO FROM: _____
 County Counsel

ATTACHMENT B

Chapter 7.128 LICENSES FOR NON-RETAIL COMMERCIAL CANNABIS BUSINESSES

Sections:

- 7.128.010 Purpose.**
- 7.128.030 Definitions.**
- 7.128.050 Prohibited activities.**
- 7.128.070 Creation of the Non-Retail Commercial Cannabis Business Licensing Program.**
- 7.128.090 License required.**
- 7.128.110 Cannabis cultivation licenses.**
- 7.128.130 Cannabis manufacturing licenses.**
- 7.128.150 Cannabis distribution licenses.**
- 7.128.170 General requirements applicable to all non-retail commercial cannabis license types.**
- 7.128.190 Denial or revocation of license; remedies.**
- 7.128.210 Enforcement.**

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](#) and [7.134](#) ~~SCCC~~. [Ord. 5273 § 2, 2018].

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

ATTACHMENT B

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~~ Business and Professions Code Section [26001](#)(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 ~~SCCC~~[Chapter 13.10 SCCC](#), to the extent there may be minor differences.

~~(F) ““Cannabis cultivation area” means the sum of the canopy, immature plant growth area and the nursery square footage, as applicable.~~

~~(G)~~ (F) “Cannabis distribution” means the activity of transporting cannabis or cannabis products between licensees, and any ancillary activity, such as ~~cannabis flower~~ packaging, ~~pre-roll 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 SCCC 13.10-SCCC~~[Chapter SCCC 13.10-SCCC](#), to the extent there may be minor differences.

~~(H) ““Cannabis greenhouse” means an agricultural structure constructed of glass or an opaque material which allows natural light to enter and a framing material (e.g. wood, steel, aluminum) that may be open to the elements periodically, including by retracting the walls or roof.~~

~~(I)~~ (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

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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 ~~SCCC Chapter 13.10-SCCC~~, to the extent there may be minor differences.

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

~~(K)~~ “Cannabis nursery” means an operation with a Class N license engaged in activity or activities associated with producing clones, immature plants, and seeds.

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

~~(M)~~ “Cannabis processing” means all activities associated with the drying, curing, grading, trimming, rolling, storing, packaging, and labeling of non-manufactured cannabis products. Cannabis processing is a type of cultivation activity.

~~(NJ)~~ “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.

~~(OK)~~ “Canopy” means the designated area(s) at a licensed premises, except nurseries and processors, that will contain mature cannabis plants at any point in ~~time~~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~~

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~~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.~~

~~(PL)~~ “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).

~~(QM)~~ “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.

~~(RN)~~ “Cultivation site,” “cultivation facility,” or “facility,” when used with reference to cultivation, means a location where cannabis is cultivated, and includes any structures used for cultivation activities.

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

~~(TP)~~ “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.

~~(UQ)~~ “Flowering” means that a cannabis plant has formed a mass of pistils measuring greater than one-half inch wide at its widest point.

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

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

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~~(W_T)~~ “Hoop house” means an agricultural shade structure as described in SCCC [12.10.315](#).

~~(X)~~ “Immature plant” means a cannabis plant which has a first true leaf measuring greater than one half inch long from base to tip (if started from seed) or a mass of roots measuring greater than one half inch wide at its widest point (if vegetatively propagated), but which is not flowering.

~~(Y)~~ “Immature plant cultivation area” means the specific area on a site where activities associated with producing clones and immature plants takes place.

~~(Z_U)~~ “Indoor” or “indoors” means any area that is contained within an enclosed structure that contains exterior walls and a roof, including cannabis greenhouses.~~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.

~~(A_A_V)~~ “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.

~~(B_B_W)~~ “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.

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

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

~~(E_E_Z)~~ “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.

~~(F_F_A_A)~~ “Mature plant” means a cannabis plant that is flowering.

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~~(GGBB)~~ “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.

~~(HH)~~ “Nonmanufactured cannabis product” means flower, shake, leaf, pre-rolls, and kief that is obtained from accumulation in containers or sifted from loose, dry cannabis flower, or leaf with a mesh screen or sieve.

~~(IIGG)~~ “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~~SCCC~~.

~~(JJDD)~~ “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 nonhydrocarbon-based solvent or other solvent such as water, vegetable glycerin, vegetable oils, animal fats, or food-grade glycerin; and (3) chemical extraction using a professional closed-loop CO₂ gas extraction system.

~~(KKEE)~~ “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.

~~(LLFF)~~ “Outdoor” or “outdoors” means any area that is not “indoors” as defined in this chapter.

~~(MMGG)~~ “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.

~~(NNHH)~~ “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. With the exception of parcels located in the RA zone district, and parcels located in the SU zone district with a General Plan designation of “R-M” (Mountain Residential) or “R-R” (Rural Residential), the Licensing Official shall have

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the discretion to consider contiguous parcels under common ownership as a single parcel for purposes of this chapter, where appropriate.

~~(QQH)~~ “Person” includes any individual, 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.

~~(PPJ)~~ “Program” means the Non-Retail Commercial Cannabis Business Licensing Program created by this chapter.

~~(QQK)~~ “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.

~~(RRL)~~ “SCCC” means Santa Cruz County Code.

~~(SSM)~~ “Structure” shall have the meaning ascribed by SCCC [13.10.700-S](#).

~~(TTN)~~ “Volatile extraction” ~~means~~involves chemical extraction using volatile solvents.

~~(UUO)~~ “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.

~~(VVP)~~ 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.” [Ord. 5273 § 2, 2018].

7.128.050 Prohibited activities.

(A) 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 noncommercial purposes, see ~~SCCC Chapters~~ [7.124](#) and [7.134](#) ~~SCGG~~.

(1) Exception: A cultivation site granted an exemption by the Planning Director pursuant to SCCC [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

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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 to cultivate, manufacture, or distribute cannabis or cannabis products for commercial purposes in violation of any provision of this chapter.

(E) 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. [Ord. 5273 § 2, 2018].

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;

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- (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). [Ord. 5273 § 2, 2018].

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

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to a Live Scan background check no earlier than 30 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 ~~cultivation~~~~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 [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.

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(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 [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

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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 subsection (B) of this section.

(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 subsection (A) of this section;

~~(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);~~

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

~~(ce)~~ 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;

~~(d)~~ A copy of the applicant's State license to engage in the commercial cannabis activity;

~~(e)~~ Proof of compliance with workers' compensation insurance requirements;

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

~~(gf)~~ 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. The Licensing Official is required to inspect the licensed premises at least once every three years, based on the date the last physical inspection took place.

(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 subsection (A)(2)(b) of this section before approving the renewal license application.

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(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-SCCC~~, 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 subsection (A)(2)(b) of this section 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 ~~SCCC Chapter 13.10-SCCC~~, 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.

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(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 ~~SCCC Chapter 7.130-SCCC~~ if all business activities meet all requirements of this chapter and ~~SCCC Chapter 7.130-SCCC~~. The operations of co-located licensees cannot exceed those authorized under the use or development permits granted under ~~Chapter SCCC 13.10-SCCC~~ 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.

(3) The CG License type is not eligible for co-location.

(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. With the exception of the CG License type, 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.

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(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 nonrefundable 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. [Ord. 5273 § 2, 2018].

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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 [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.
- (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.
- (6) Class TP licenses for cultivation taking place on parcels zoned TP (Timber Production) per the Santa Cruz County Zoning Ordinance.
- (7) Class SU licenses for cultivation taking place on parcels zoned SU (Special Use) with a General Plan land use designation of “AG” (Agriculture), “R-R” (Rural Residential), “R-M” (Mountain Residential), or “I” (Heavy Industry), per the SCCC Zoning Ordinance.
- (8) Class CG licenses for cottage gardens located on parcels zoned A, RA, TP, and SU per the Santa Cruz County Zoning Ordinance.
- (9) Class N licenses for cannabis nursery activity on parcels zoned CA, A, RA, TP and SU, per the SCCC Zoning Ordinance
- (10) Class P licenses for activities solely related to cannabis processing (no actual cultivation), on parcels zoned CA, C-4 and M, per the SCCC 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~~

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~~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 (i) those persons or entities applying for a CA License with a documented history of over three years of commercial farming or agricultural production unrelated to cannabis production in the CA zone district in Santa Cruz County prior to November 2016; or (ii) those persons or entities applying for a CA license that can demonstrate they have owned the CA parcel where they intend to cultivate cannabis for at least three years prior to November 2016, and that during that time the parcel was used for commercial farming or agricultural production unrelated to cannabis.~~

~~(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 13.10.670(G) as enacted by Ordinance No. 5090 (now repealed).~~

~~(2) Cultivation licenses may only be issued to persons who provide the Licensing Official with sufficient reliable evidence documenting that they (a) have been cultivating cannabis in Santa Cruz County since before January 2013; (b) are applying for a CA License and have been engaged in commercial farming or agricultural production unrelated to cannabis production for over three years in the CA zone district in Santa Cruz County prior to November 2016; or (c) are applying for a CA License and have owned the CA parcel where they intend to cultivate cannabis for at least three years prior to November 2016, and that during that time the parcel was used for commercial farming or agricultural production unrelated to cannabis.~~

~~(13)~~ Class TP Licenses are limited to those persons who meet the additional land use requirements of ~~SCCC~~Chapter ~~13.10-SCCC~~, which concern pre-existing commercial uses and cultivation activity, the placement of cultivation activities, site disturbance, and tree removal.

~~(24)~~ Class CG Licenses are limited to those persons that can demonstrate the additional following criteria to the satisfaction of the Licensing Official:

(a) The person has been continuously cultivating cannabis for commercial purposes on the parcel that is the subject of the application since before January 2013;

(b) The County has received no complaints about the cultivation in the five years preceding the date of the application;

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(c) The person lives on the parcel; and

(d) The person has accounted for and paid all cannabis business taxes owed to the County for cannabis sales that occurred after November 9, 2016.

(35) Class RA Licenses are limited to cultivation sites existing since before January 2013. RA Licenses may not be issued to develop a new cultivation site.

(4) Class N licenses are subject to the same eligibility requirements as Class RA, TP and SU licenses in the zone districts where those licenses are required.

(56) 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 SCCC [7.128.090\(E\)](#).

(67) 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.

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

(C) Canopy and Cultivation Area Limits.

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

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

(i) For single licensees on a single parcel, up to two and one-half percent of the size of the parcel; may be utilized for canopy, immature plant growth areas and/or nursery operations, not to exceed 22,000 square feet. An additional 1.25 percent of the size of the parcel may be utilized for nursery operations or immature plant growth areas or some combination of both, not to exceed eleven thousand (11,000) square feet. Cultivation area shall not exceed 22,000 square feet, for outdoor cultivation, within the coastal zone

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(ii) For co-location on parcels smaller than 20 acres, up to five percent of the size of the parcel, may be utilized for canopy, immature plant growth areas and/or nursery operations, not to exceed one acre total among all licensees. An additional 2.5 percent of the size of the parcel may be utilized for nursery operations or immature plant growth areas or some combination of both, not to exceed twenty-two thousand (22,000) square feet. Cultivation are shall not exceed one acre, for outdoor cultivation, within the coastal zone.

(iii) For co-location on parcels 20 acres or larger where cultivation is conducted outdoors or requires new structural development, up to five percent of the size of the parcel, may be utilized for canopy, immature plant growth areas and/or nursery operations, not to exceed two acres total among all licensees. An additional 2.5 percent of the size of the parcel may be utilized for nursery operations or immature plant growth areas or some combination of both, not to exceed one acre. Cultivation are shall not exceed two acres, for outdoor cultivation, within the coastal zone.

(iv) Exception to Co-Location Cultivation Area~~Canopy~~ Limits with Class CA License: For co-location on parcels 10 acres or larger where cultivation takes place solely within permitted structures existing as of November 2016, cultivation area~~canopy~~ limits will be set by the Licensing Official.

(v) Exception to cultivation area limits on existing impervious surfaces. The Licensing Official may approve a larger cultivation area than subsection i- iii above in CA zone districts when the cultivation meets the following criteria:

(1) Cultivation occurs on a single parcel, indoors, not in the coastal zone or coastal zone plus 1 mile area;

(2) Development, including all site disturbance necessary to construct, reconstruct or remodel the building(s) and infrastructure to serve the buildings, including but not limited to parking, access, turn around, water supply, equipment and storage, occurs only where the ground is covered with existing impermeable surface. The impervious area where development will occur must have been duly permitted or be legally non-conforming pursuant to SCCC 13.10.260, 13.10.261, 13.10.262, and 13.10.265, and must have existed prior to April 18, 2019.

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(3) Development of an indoor cultivation structure on a CA parcel will include additional conditions of approval to ensure protection of agricultural resources.

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

- (i) For single licensees on a single parcel, up to one and one-half percent of the size of the parcel, not to exceed 10,000 square feet.
- (ii) For co-location on parcels smaller than 20 acres, up to three percent of the size of the parcel, not to exceed 10,000 square feet total among all licensees.
- (iii) For co-location on parcels 20 acres or larger, up to one and one-half percent of the size of the parcel, not to exceed 22,000 square feet among all licensees.

(c) Class RA License. Size of ~~canopy~~cultivation area 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 one and one-quarter percent of the size of the parcel, not to exceed 5,100 square feet on parcels between five and 10 acres in size.
- (ii) Up to one and one-quarter percent of the size of the parcel, not to exceed 10,000 square feet on parcels larger than 10 acres.

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

- (i) Canopy may not~~Not to~~ exceed 22,000 square feet.
- (ii) Immature plant growth area may not exceed 11,000 square feet.~~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 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.~~

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(iii) Cultivation area shall not exceed 22,000 square feet within the coastal zone.

(e) Class TP Licenses. Size of ~~canopy~~ cultivation area 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 one and one-quarter percent of the size of the parcel, not to exceed 5,100 square feet on parcels between five and 10 acres in size.

(ii) Up to one and one-quarter percent of the size of the parcel, not to exceed 10,000 square feet on parcels larger than 10 acres.

(iii) With a TP License, ~~cultivation area~~ canopy may only be expanded on eligible sites to the maximum size identified in subsections (C)(1)(e)(i) and (ii) of this section upon specific application to expand, and only in conjunction with the additional restrictions set forth in SCCC [13.10.650](#)(B)(9)(b).

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

(i) On parcels with a General Plan land use designation of “AG” (Agriculture), “R-R” (Rural Residential), or “R-M” (Mountain Residential), up to one and one-quarter percent of the size of the parcel, not to exceed 10,000 square feet.

(ii) On parcels with a General Plan land use designation of “I” (Heavy Industry): 22,000 square feet.

(g) Class CG Licenses. Size of ~~cultivation area~~ canopy allowed, subject to approval of the Licensing Official: 500 square feet.

(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.

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- (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 [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 [operations](#).
- (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. ~~[Ord. 5273 § 2, 2018].~~
- ~~(13) Class P operations may only take place indoors, within existing structures. [Ord. 5273 § 2, 2018].~~

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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 non-volatile 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 non-volatile 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-SCCC~~, 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 [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.
- (3) Multiple licensees may be co-located (e.g., commercial kitchen facilities, or cannabis extraction facilities) in accordance with the limits established in this chapter and ~~SCCC Chapter 13.10-SCCC~~, 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-SCCC~~.
- (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

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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 ~~manufactured~~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 ~~Branch~~(OMCSB), 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.

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(12) Class 2 and 3 licensees may only carry out chemical extractions (e.g., using CO₂ 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.

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- (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 is 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~~Division of the Health Services Agency, 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 licenses may not be issued for activities in the RA zone district, or in the SU zone district where the General Plan designation is "AG" (Agriculture), "R-R" (Rural Residential), or "R-M" (Mountain Residential). Class 2 licenses may be issued for activities in the RA zone district and SU zone district where the General Plan designation is AG, R-R, or RM; however, such licenses may not be approved for extraction activities involving ethanol or CO₂ on properties less than five acres in size.
- (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. [Ord. 5273 § 2, 2018].

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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 its own cannabis and cannabis products from its licensed cultivation site or manufacture facility to another licensed facility, stores its own cannabis for State testing and transport, and conducts any ancillary activity, such as cannabis flower packaging, pre-roll packaging or labeling products. ~~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 any ancillary activity, such as cannabis flower packaging, pre-roll packaging or labeling products. ~~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 ~~Chapter SCCC 13.10-SCCC~~, 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 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 Section 26070 et seq., as may be amended.

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- (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. [Ord. 5273 § 2, 2018].

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 ~~SCCC~~Chapter 13.10-~~SCCC~~.
- (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. The Licensing Official shall determine on a case-by-case basis whether an event qualifies as an “emergency” for purposes of this section.

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(H) ~~The placement or use of any roadside billboard to advertise any aspect of a cannabis business or cannabis products is prohibited, as is the placement or use of any sign that includes pricing of cannabis, details regarding specific cannabis products, cannabis photography, or graphics related to the cannabis plant, cannabis products, or cannabis paraphernalia. 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 site or facility; or signage as permitted by this section. Such directory entry or signage may identify the type of business (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 [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~~Division of the County Health Services Agency.

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(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 or an equivalent security measure installed to the extent allowed under the Building Code, and unless existing exterior security bars are in place, a facility shall affix bars only to the inside of a facility to reduce 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 enter or exit 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.

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(Q) Aside from outdoor cultivation and nursery 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.

(1) Exception: CA licensees are generally excepted from this requirement. However, based on the proximity of the facility to sensitive receptors such as schools, residences, etc., the Licensing Official may impose this requirement, or require that the licensee take other measures to control odor, as a condition for approval of a CA License.

(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 the regulations set forth in ~~SCCC Chapter 8.30~~ SCCC (Noise).

(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. [Ord. 5273 § 2, 2018].

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.

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- (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 person'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 person 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 onsite.
- (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.

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- (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 ~~SCCC Chapter 4.06~~ ~~SCCC~~ (Cannabis Business Tax).
- (13) Three or more citations for violation of ~~SCCC Chapter 8.30~~ ~~SCCC~~ (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

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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. [Ord. 5273 § 2, 2018].

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 SCCC [19.01.030](#)(A) to address violations of this chapter, including any of the provisions set forth in SCCC [7.128.190](#). 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 [1.12.070](#)(A)(2), civil penalties for violation of this chapter 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 SCCC [1.12.070](#) for violation of a provision of this chapter, the violator shall be provided with seven calendar days from notice of the violation to correct the violation before the imposition of civil penalties are assessed under SCCC [1.12.070](#)(D)(2)(a).

(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 [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. [Ord. 5273 § 2, 2018].

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ORDINANCE NO. _____

**ORDINANCE AMENDING SECTIONS, 13.10.312, 13.10.332, 13.10.342, 13.10.650.
13.10.700 OF 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

Section 13.10.312(B) of the Santa Cruz County Code is hereby amended to make the following changes to the agricultural use chart:

USE	CA	A	AP
Cannabis Cultivation (commercial) (subject to SCCC <u>13.10.650</u>)^T			—
Indoor cultivation (existing legal structure, other than greenhouse)	3	4 ^X /5	—
New indoor cultivation structure (other than greenhouse)			—
Outside Coastal Zone and 1-mile buffer			
0—2,000 square feet	3	4 ^X /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	4 ^X /5	—
> 20,000 square feet	5 <u>3</u>	5	—
Greenhouse (new)			
Outside Coastal Zone and 1-mile buffer			
0—2,000 square feet	3	4 ^X /5	—
> 2,000 square feet <u>2,000—20,000 square feet</u>	5 <u>3</u>	—	—
<u>>20,000 square feet</u>	<u>4</u>	<u>—</u>	<u>—</u>
Inside Coastal Zone + 1 mile	—	—	—
Outdoor cultivation (or existing legal hoop house)			
Outside Coastal Zone and 1-mile buffer	3	4 ^X /5	—
Inside Coastal Zone + 1 mile	4 <u>3</u>	4 ^X /5	—
Hoop house (new)			

USE	CA	A	AP
Outside Coastal Zone and 1-mile buffer			
0—2,000 square feet	3	4 ^X /5	—
> 2,000 square feet	3	5	—
Inside Coastal Zone + 1 mile	—	—	—
Water tank (accessory to cannabis use)	3	3	—

Cannabis Distribution (subject to SCCC [13.10.650](#))[†]

Class 1*****

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

0—2,000 square feet	3	3	—
> 2,000 square feet <u>(new structure)</u>	5 <u>4</u>	5	—
<u>> 2,000 square feet (existing legal structure)</u>	3 <u>3</u>	5 <u>5</u>	— <u>—</u>

Inside Coastal Zone + 1 mile, existing legal structure

0—2,000 square feet	3	3	—
> 2,000 square feet	5 <u>3</u>	5	—

Class 2, existing legal structure

Outside Coastal Zone and 1-mile buffer	3	—	—
Inside Coastal Zone + 1-mile	5	—	—

[†] With a license appropriate for zoning classification pursuant to Chapter [7.128](#) SCCC. No new non-retail commercial cannabis structures may be permitted in the Coastal Zone and 1-mile buffer.

^XLevel 4 approval applies only to Class CG licensed cultivation activities.

[±] 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 II

Section 13.10.332(B) of the Santa Cruz County Code is hereby amended to make the following changes to the commercial use chart:

USE	PA	VA	CT	C-1	C-2	C-4
Cannabis cultivation (commercial) (subject to SCCC 13.10.650)[†]						

USE	PA	VA	CT	C-1	C-2	C-4
Indoor cultivation (existing legal structure other than greenhouse)						
< 5,000 square feet	—	—	—	—	—	43
5,000 to 20,000 square feet	—	—	—	—	—	53
> 20,000 square feet	—	—	—	—	—	63
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	—	—	—	—	—	—
Greenhouse (existing legal), conversion, replacement, reconstruction or structural alteration						
< 5,000 square feet	—	—	—	—	—	43
5,000 to 20,000 square feet	—	—	—	—	—	53
> 20,000 square feet	—	—	—	—	—	63
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	—	—	—	—	—	—

^F With a license appropriate for zoning classification pursuant to Chapter [7.128](#) SCCC. No new non-retail commercial cannabis structures may be permitted in the Coastal Zone and 1-mile buffer.

SECTION III

Section 13.10.342(B) of the Santa Cruz County Code is hereby amended to make the following changes to the industrial use chart:

USE	M-1	M-2	M-3
Cannabis cultivation (subject to SCCC 13.10.650)^T			
Indoor cultivation (existing legal structure, other than greenhouse)			
0—10,000 square feet	43	53	53
> 10,000 square feet	53	53	53
New indoor cultivation structure (other than greenhouse)			
Outside Coastal Zone and 1-mile buffer			
Up to 2,000 square feet	4	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	43	53	53
> 10,000 square feet	53	53	53
Greenhouse (new)			
Outside Coastal Zone and 1-mile buffer			
< 2,000 square feet	4	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**

^T With a license appropriate for zoning classification pursuant to Chapter [7.128](#) SCCC. 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 IV

Section 13.10.650 of the Santa Cruz County Code is hereby amended to read:

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 Chapter 7.128 SCCC; and (2) a currently valid State license required under California law. Except as expressly defined in this section, the definitions in SCCC 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 Chapter 18.10 SCCC 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, 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 Chapter 13.20 SCCC) and shall be subject to all other applicable requirements of this code and other applicable laws and regulations. Cannabis may not be cultivated or manufactured within a residence and may not be stored for distribution within a residence.

(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 exceptions to riparian setback requirements under Chapter 16.30 SCCC or to sensitive habitat

setback requirements under Chapter 16.32 SCCC shall be available for non-retail commercial cannabis use or development. 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 one-quarter 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 Chapter 16.32 SCCC and for clearing exceeding one-quarter acre in any other area. In addition to meeting standards and regulations found in SCCC Title 16 and any other applicable regulation in SCCC 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. No lighting for cultivation purposes, except that necessary for security, shall be visible at cultivation sites from sunset to sunrise.

(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 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 (ii) 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 5,500 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, 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. Within the Coastal Zone, fencing shall be minimized, in no case shall exceed six feet, and shall be designed to allow the passage of wildlife and shall not be seen from public 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 Chapter 7.38 SCCC 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 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 (C)(2), (3) and (4) of this section, 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 "R-R" (Rural Residential), "R-M" (Mountain Residential), "AG" (Agriculture) or "I" (Heavy Industry).

(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 2.5 acres (Class CG license only) or 10 acres (Class A license).

(c) The minimum parcel size for commercial cannabis cultivation in the RA zone is 2.5 acres (Class CG license only) or five acres (Class RA license).

(d) The minimum parcel size for commercial cannabis cultivation in the TP zone is 2.5 acres (Class CG license only) or five acres (Class TP license).

(e) The minimum parcel size for commercial cannabis cultivation in the SU zone is 2.5 acres (Class CG license only) or 10 acres (Class SU license) for parcels with a General

Plan designation of R-M, R-R or AG; there is no minimum parcel size for parcels in the SU zone with a General Plan designation of I.

(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.

(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. No new structures, including hoop houses (defined as agricultural shade structures exempt from building permits under SCCC 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, 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 the RA zoning district only on parcels where sufficient evidence exists that cannabis was being cultivated as of January 2013.

(f) Commercial cannabis cultivation may be permitted in SU zones only if the General Plan designation of the parcel is “R-R” (Rural Residential), “R-M” (Mountain Residential), “AG” (Agriculture) or “I” (Heavy Industry), subject to the restrictions of SCCC 13.10.382. In the SU zoning district on parcels with a General Plan designation of R-R, R-M or AG permits authorizing non-retail commercial cannabis activities may be granted only (i) on parcels of at least 10 acres where sufficient evidence exists that cannabis was being cultivated as of January 2013; or (ii) on parcels of at least 20 acres.

(g) Commercial cannabis cultivation with a Class CG license may be permitted within the A, RA, TP zoning districts and in the SU zoning district on parcels with a General Plan designation of R-R, R-M or AG on parcels of at least 2.5 acres in size where all requirements under Chapter 7.128 SCCC applicable to a Class CG license are met.

(h) 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, 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).

- (i) Total ~~canopy~~cannabis cultivation area on any parcel shall not exceed the limit applicable under the currently valid license for cultivation on the parcel, subject to approval of the Licensing Official, as follows:

Zone/Class	Single Licensee	Co-Located (with approval of Licensing Official)
CA/Class CA*	For single licensees on a single parcel, up to 2.5 percent of the size of the parcel <u>may be utilized for canopy, immature plant growth areas and/or nursery operations</u> , not to exceed 22,000 square feet. <u>An additional 1.25 percent of the size of the parcel may be utilized for nursery operations or immature plant growth areas or some combination of both, not to exceed eleven thousand (11,000) square feet. Cultivation area shall not exceed 22,000 square feet, for outdoor cultivation, within the coastal zone.</u>	<p>For co-location on parcels smaller than 20 acres, up to five percent of the size of the parcel <u>may be dedicated to canopy, immature plant growth areas and/or nursery operations</u>, not to exceed one acre total among all licensees. <u>An additional 2.5 percent of the size of the parcel may be utilized for nursery operations or immature plant growth areas or some combination of both, not to exceed twenty-two thousand (22,000) square feet. Cultivation area shall not exceed one acre, for outdoor cultivation, within the coastal zone.</u></p> <p>For co-location on parcels 20 acres or larger where cultivation is conducted outdoors or requires new structural development, up to five percent of the size of the parcel <u>may be utilized for canopy, immature plant growth areas and/or nursery operations</u>, not to exceed two acres total among all licensees. <u>An additional 2.5 percent of the size of the parcel may be utilized for nursery operations or immature plant growth areas or some combination of both, not to exceed one acre. Cultivation area shall not exceed two acres, for outdoor cultivation, within the coastal zone.</u></p> <p>For co-location on parcels 10 acres or larger where cultivation takes place solely within permitted structures existing as of November 2016, canopycannabis cultivation area limits will be set by the Licensing Official.</p>
A/Class A	For single licensees on a single parcel, up to 1.5 percent of the size of the	For co-location on parcels smaller than 20 acres, up to three percent of the size of the

	parcel, not to exceed 10,000 square feet.	parcel, not to exceed 10,000 square feet total among all licensees. For co-location on parcels 20 acres or larger, up to 1.5 percent of the size of the parcel, not to exceed 22,000 square feet among all licensees.
RA/Class RA	Up to 1.25 percent of the size of the parcel, not to exceed 5,100 square feet on parcels between five and 10 acres in size. Up to 1.25 percent of the size of the parcel, not to exceed 10,000 square feet on parcels larger than 10 acres.	For co-location on parcels between five and 10 acres in size, up to 1.25 percent of the size of the parcel, not to exceed 5,100 square feet. For co-location on parcels larger than 10 acres, up to 1.25 percent of the size of the parcel, not to exceed 10,000 square feet.
C-4/Class C-4* M/Class M*	<u>Canopy may not exceed 22,000 square feet. Immature plant growth area may not exceed 11,000 square feet. Inside the Coastal Zone and one mile beyond the Coastal Zone, cultivation area shall not exceed 22,000 square feet.</u>	<u>Canopy may not exceed 22,000 square feet. Immature plant growth area may not exceed 11,000 square feet. Inside the Coastal Zone and one mile beyond the Coastal Zone, cultivation area shall not exceed 22,000 square feet.</u>
TP/Class TP**	Up to 1.25 percent of the size of the parcel, not to exceed 5,100 square feet on parcels between five and 10 acres in size. Up to 1.25 percent of the size of the parcel, not to exceed 10,000 square feet on parcels larger than 10 acres.	For co-location on parcels between five and 10 acres in size, up to 1.25 percent of the size of the parcel, not to exceed 5,100 square feet. For co-location on parcels larger than 10 acres, up to 1.25 percent of the size of the parcel, not to exceed 10,000 square feet.
SU-AG, SU-R-R, SU-R-M/Class SU	Up to 1.25 percent of the size of the parcel, not to exceed 10,000 square feet.	Up to 1.25 percent of the size of the parcel, not to exceed 10,000 square feet.
SU-I/Class SU	22,000 square feet.	22,000 square feet.
CG (A, RA, TP and SU-R-R, R-M or AG)/Class CG	500 square feet.	Not eligible for co-location.

* The Cannabis Licensing Official may set a larger cannabis cultivation area in CA zone districts, subject to the following criteria (see also SCCC 7.128):

- (i) Cultivation occurs on a single parcel, indoors, not inside the Coastal Zone or within one mile beyond the Coastal Zone.

(ii) Development, including all site disturbance necessary to construct, reconstruct or remodel the building(s) and infrastructure to serve the buildings, including but not limited to parking, access, turn around, water supply, equipment, and storage, occurs only where the ground is covered with existing impermeable surface. The impermeable area where development will occur must have been duly permitted or be legally non-conforming pursuant to 13.10.260, 13.10.261, 13.10.262, and 13.10.265, and must have existed prior to April 18, 2019.

(iii) Development of an indoor cultivation structure on a CA parcel will include additional conditions of approval to ensure protection of agricultural resources.

~~* 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 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.~~

**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 subsection (B)(9)(b) of this section.

(4) Setbacks.

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

(c) Indoor commercial cannabis cultivation shall not be allowed within 200 feet of any habitable structure on a neighboring parcel. Outdoor commercial cannabis cultivation shall not be allowed within 400 feet of any habitable structure on a neighboring parcel.

(d) Commercial cannabis cultivation shall not be allowed within 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 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 10 acres, commercial cannabis cultivation shall not be allowed within 200 feet of a public right-of-way. This setback does not apply when the cultivation is entirely indoors.

- (g) On parcels over 10 acres in size, commercial cannabis cultivation shall not be allowed within 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 100 feet of a perennial stream.
- (i) Commercial cannabis cultivation shall not be allowed within 50 feet of an intermittent stream or within the setbacks required by Chapter 16.30 (Riparian Corridor and Wetlands Protection) or 16.32 SCCC (sensitive habitats).
- (j) Commercial cannabis cultivation shall not be allowed within 50 feet of an ephemeral stream or within the setbacks required by Chapter 16.30 (Riparian Corridor and Wetlands Protection) or 16.32 SCCC (sensitive habitats).
- (k) Commercial cannabis cultivation shall not be allowed within 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 one 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 nonprofit land trust.
- (n) The distance specified in this subsection 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 subsection 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 Chapter 16.30 or 16.32 SCCC, 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 100 feet from a habitable structure on a

neighboring parcel, except that in the M-1 and C-2 zone districts, the setback from a legal nonconforming habitable structure on a neighboring parcel may be reduced to below 100 feet or eliminated, subject to a Level 5 approval process under this subsection (C)(4)(p).

(5) Height

(a) New cannabis related structures in the A zoning district shall not exceed 28 feet in height.

(D) Commercial Cannabis Manufacturing.

(1) Zoning. Subject to the limitations set forth in subsections (D)(2) and (3) of this section, 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 “R-R” (Rural Residential), “R-M” (Mountain Residential) “AG” (Agricultural) or “I” (Industrial).

(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).

(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.

(b) Within the RA zone district, extraction activities involving ethanol or CO2 shall be prohibited on parcels less than five acres in size.

(c) 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.

(d) 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).~~

(e) Cannabis manufacturing uses within the A, RA and TP zone districts and on parcels within SU zone districts where the General Plan designation is “R-R” (Rural Residential), “R-M” (Mountain Residential) or “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 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 the SU zone district where the General Plan designation is R-R, R-M or AG that include employees (excepting the owner of the parcel) shall require a Level 5 approval; provided, however, that the number of employees (excepting the owner of the parcel) for any manufacturing use on parcels in the RA zone district and on parcels within the SU zone district where the General Plan designation is R-R, R-M or AG shall be limited to five.

(f) Cannabis manufacturing uses in the A, RA and TP zone districts and on parcels within SU zone districts where the General Plan designation is “R-R” (Rural Residential), “R-M” (Mountain 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.

(g) 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 such as the location, surrounding zoning, size and/or orientation of the parcel and physical features such as grade or other physical separation from surrounding uses.

(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 one 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 (E)(2) and (3) of this section, 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 13.10.382, and in the CA Zone District within legal structures existing on the effective date of the ordinance codified in this section.

(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.

(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 distribution 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 one 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. [Ord. 5272 § 7, 2018].

SECTION V

Section 13.10.700(C) of the Santa Cruz County Code is hereby amended to add the following definitions:

“Cannabis cultivation area” means the sum of the canopy, immature plant growth area and the nursery square footage, as applicable.

“Cannabis distribution” means the activity of transporting cannabis or cannabis products between licensees, and any ancillary activity, such as cannabis flower packaging, pre-roll packaging or labeling products, or storage between transport, that is conducted in association with the distribution activity.

“Cannabis Nursery” means an operation with a class N license engaged in activity or activities associated with producing clones, immature plants, seeds. A cannabis nursery is a type of cultivation activity.

“Cannabis Processing” means all activities associated with the drying, curing, grading, trimming, rolling, storing packaging, and labeling of non-manufactured cannabis products. Cannabis processing is a type of cultivation activity.

“Canopy” means the designated area(s) at a licensed premises, except nurseries and processors, that will contain mature 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 mature 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 mature cannabis plants are being cultivated using a shelving system, the surface area of each level shall be included in the total canopy calculation.

SECTION VI

Section 13.10.700(I) of the Santa Cruz County Code is hereby amended to add the following definition:

“Immature plant” or “immature” means a cannabis plant which has a first true leaf measuring greater than one half inch long from base to tip (if started from seed) or a mass of roots measuring greater than one half inch wide at its widest point (if vegetatively propagated), but which is not flowering.

“Immature plant cultivation area” means the specific area on a site where activities associated with producing clones, immature plants, and seeds take place.

SECTION VII

This Ordinance shall take effect on the 31st day following adoption, or upon certification by the California Coastal Commission, whichever is later.

PASSED AND ADOPTED this _____ day of _____, 2019 by the Board of Supervisors and the County of Santa Cruz by the following vote:

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

CHAIRPERSON, BOARD OF SUPERVISORS

ATTEST: _____
Clerk of the Board

APPROVED AS TO FROM: _____
County Counsel



County of Santa Cruz Board of Supervisors

Agenda Item Submittal

From: County Administrative Office

(831) 454-2100

Subject: Cannabis Licensing Quarterly Report

Meeting Date: April 23, 2019

Recommended Action(s):

- 1) Accept and file report on Cannabis Licensing Office operations; and
- 2) Consider providing additional direction to the Cannabis Licensing Office regarding potential changes to Santa Cruz County Code Chapters 7.128 and 13.10 that could increase the number of licensees in the program and reduce the time it takes to achieve licensure.

Executive Summary

The Cannabis Licensing Office has committed to reporting back to the Board on activities and licensing operations on a quarterly basis. As you are aware, the County has attempted to create a fiscally self-sufficient licensing program that balances the needs of the community with those of the cannabis industry. Now that we have been working to license non-retail operators for the past 10 months, we have determined that it is taking considerably longer to bring cultivation operations through to licensure than was originally anticipated. In addition, fewer registrants are following through with the licensing application process than expected. This combination could ultimately jeopardize the overall success of the program. Staff has identified a number of areas in the program that could be adjusted in order to impact the number of licensees and the speed at which licensure can take place. We are seeking your Board's input and direction in order to ensure that we are meeting your objectives with regard to the program overall.

Background

The Cannabis Licensing Office (CLO) is responsible for the annual licensing of retail and non-retail operations within the unincorporated County of Santa Cruz. Retail operators, governed by Santa Cruz County Code (SCCC) 7.130, concluded their renewal process in December 2018, which included an annual inspection. Three retail operators were given partial year (three-month) licenses and were required to complete operational improvements before full-year licenses would be granted. All three retailers have complied with licensing requests and all retailers are following licensing requirements.

The non-retail license process began in June 2018 with the enactment of Chapter 7.128. The non-retail licensing process involves obtaining approval from the licensing office and use permit(s) from the Planning Department, including a California Environmental Quality Act (CEQA) determination. Depending on the scope and scale of

operations the use permit may also require a public hearing.

Analysis

Activities to Date

The non-retail process begins with submittal of a pre-application to the CLO. Application materials are reviewed, and an on-site inspection also takes place at this stage. The pre-application process is designed to better prepare the applicant for the use permit process by pointing out potential areas of challenge and possible restrictions to their proposed operational activities. To date, 59 applications have been received for the pre-application process, 32 of which are on properties zoned CA for commercial agricultural activities. The applications have been primarily for applicants who received a Local Letter of Authorization (LOLA) and a State temporary license to continue cultivation and/or manufacturing and distribution operations while in the process of obtaining a State and local license. A total of 63 LOLAs were issued for operational continuation in 2018. No further LOLAs will be issued because the State discontinued the temporary licensing process as of January 1, 2019 and those operators who failed to obtain a LOLA and a State temporary license are not supposed to be operating within the unincorporated County.

Of the 59 pre-applications received, 20 of these applications proposed one or more co-located licensees. This means that once the primary applicant is licensed, the sub-licensees can apply for their license without needing to complete the land-use process separately. The 59 applicants represent a total of 131 potential licensees. Of these, 42 pre-applicants have received clearance from the CLO to begin their use permit process and seven of those have submitted use permit applications to the Planning Department. One applicant was denied and is resubmitting a revised application. Of the seven applicants who have submitted for their land use permits, one has completed the process, including their public hearing. The applicant is now in process of completing their conditions of use, prior to obtaining their license. Once the primary applicant is licensed at this location, approximately 15 other manufacturers will be able to complete the licensing process as sub-licensees.

Compliance activity is divided into two spheres and is conducted jointly by two CLO Code Compliance Investigators and two Deputy Sheriffs who are supervised by a Chief Deputy on temporary assignment to the CLO. CLO code compliance staff concentrate primarily on compliance of operating cannabis businesses with LOLAs or in the pre-application process and respond to complaints, while the Deputy Sheriffs primarily investigate illegal cannabis activities, taking a proactive approach in investigating leads generated from a variety of sources.

To date, CLO code compliance staff have begun a comprehensive quarterly compliance inspection and education program for all cannabis operators and have completed 28 inspections, which have resulted in 145 corrective actions. The Deputy Sheriffs have served 16 search warrants, completed 14 site inspections, seized 1,295 pounds of processed cannabis, abated over 14,000 plants and seized over 10 pounds of cannabis extract as of April 10, 2019. Summaries of the Cannabis Licensing compliance program, permit processing and the Sheriff's Office enforcement efforts are included as Exhibits A and B.

Santa Cruz County Code 7.128

As the CLO has progressed with the licensing process and as the State continues to refine its rules and regulations, a variety of issues have presented themselves. Some concern potential conflicts between State and local law; others relate to whether the County's current ordinances might be restricting marketplace activities in a way that the Board would wish to address. These include:

- Cannabis cultivation definition
- Canopy definition
- Eligibility restrictions
- Canopy limits
- Advertising restrictions
- Nursery licenses
- Differentiation of canopy limits based on cultivation type
- Processor licenses

If your Board wants to tackle any of these issues, it would be best to do so before July 1, 2019, when the State CEQA exemption for cannabis ordinances expires. In addition, to the extent any changes to Chapter 13.10 would be contemplated, the Planning Commission would need a chance to review them and provide your Board with a recommendation.

Cannabis Cultivation Definition and Nursery Licenses

The cannabis cultivation definition in SCCC 7.128 covers all aspects of cannabis cultivation. While the State definition differentiates between immature and mature plant growth based on the flowering of the cannabis plant, our local ordinance does not. In addition, the State allows cultivators to possess a nursery license, which includes all activities associated with producing clones, immature plants, seeds, and other agricultural products used specifically for the propagation and cultivation of cannabis. Nursery operations have a smaller level of regulatory complexity, fewer overall impacts, and plants in the immature growth stage do not produce odorous terpenes. Thus, nurseries could meet several program objectives. However, the lack of a nursery specific license has resulted in some current commercial nurseries within the County being reluctant to allow cannabis cultivation within their available greenhouse space.

Currently, 10 sites controlled by commercial agricultural companies, including standard commercial nurseries, are pursuing cannabis use permits which include cannabis nursery operations; this reflects increased interest in a nursery license category. An inclusion of a nursery license type would be an applicable license type for all of the currently operational cultivation facilities who received LOLAs as well as for at least seven of the current sites who have submitted pre-applications. In addition, such a license type would have applicability for multiple current commercial agricultural operators who are considering cannabis operations. This inclusion would be most applicable to the commercial agricultural (CA) zone district as nursery operations typically occur within greenhouses. Differentiation of this license type could include different operational requirements because immature plants are not odorous, the tracking of plants is not as labor intensive, and this appears to be a viable business model for some of our existing commercial nurseries.

Canopy Definition

The current definition of “canopy” in SCCC 7.128 includes all designated area(s) that will contain cannabis plants at any point in the plant cycle. This differs from the State definition, which includes all area(s) that will contain mature cannabis plants. Because licensees at the local level are authorized for specific total canopy amounts, this difference in definition has created confusion with current operators and the State regarding the total amount of cannabis that can be cultivated. This definition paired with canopy limits that are based on the State canopy limits has arguably created a competitive disadvantage for cultivators in our jurisdiction because State license fees are based on square footage of canopy. For example, local operators would be paying for a specific square footage of canopy at the State level, but potentially cultivating less cannabis per square foot under the local definition, because it would include immature plants. Reconciling the State and local definitions could provide a more level playing field for operators.

Eligibility Restrictions

The licensing program is limited to operators who originally registered with the County in 2016, with the exception of potential licensees with a history of three plus years of commercial agricultural experience unrelated to cannabis who were not required to register but could apply for a license. This eligibility restriction was put into place in order to protect our local cultivators and provide them with the first opportunity to apply for local licenses. Initially, there were 760 registrants. As the program has progressed and registrants have dropped out or failed to follow through with requested information there are now 438 cultivation registrants, 63 of whom were able to obtain LOLAs and State temporary licenses for active cultivation sites which supply our local retail outlets.

Staff has obtained data from the industry, compliance checks, and enforcement activities that indicates that the eligibility restrictions appear to have driven potential licensees out of our jurisdictional area or into the illicit market. While some of this activity is a natural outgrowth of marketplace disorder as an unregulated industry comes into regulation, such eligibility restrictions may have the unintentional consequence of excluding potential operators who want to make an investment in Santa Cruz County but were not original registrants. The original purpose of the eligibility restriction has not led to a substantial number of local registered operators applying for licenses in the past ten months, as was hoped.

A second eligibility restriction includes the requirement that the cultivator or cultivation manager reside in a permitted residence on the parcel except for sites in the CA, C-4 and M zone. This restriction has led to the exclusion of potential sites within the agricultural (A) zone, including on parcels larger than 30 acres. Staff analyzed parcel data and determined there are several parcels zoned A which could accommodate cannabis cultivation should there be a change to the residence requirement. This includes 58 parcels which are over 30 acres, 28 parcels over 40 acres, 16 parcels over 50 acres and nine parcels over 60 acres.

Differentiation of Canopy Limits

Canopy limits within the code are not differentiated between indoor and outdoor cultivation operations. Indoor operations offer increased security as well as economic benefits associated with redevelopment of existing infrastructure. Staff has received multiple inquiries from potential licensees who wish to pursue indoor cultivation

operations within existing structures in the commercial agricultural (CA) zone. However, with canopy limits restricted to 22,000 square feet (or 43,560 feet for co-location sites), cultivation is not commercially feasible for many operators in the CA zone. It should be noted that for Class C-4 and M licensees, which are primarily indoor operations, canopy limits are not based on parcel size.

CA zoned parcels were intended to offer additional cannabis cultivation locations for operators who currently existed on parcels that would no longer be eligible once the ordinance was passed. However, this discrepancy between the basis for canopy limits and parcel size in the CA, versus the C-4 and M zones is pushing more operators to consider relocating to indoor commercially-zoned spaces, thus decreasing the availability of such space to other types of industries. Differentiation of canopy limits based on indoor versus outdoor cultivation in the CA zone could potentially free up indoor industrial space while providing additional avenues for relocation of operations for local operators and economic benefits associated with the redevelopment of existing commercial agricultural buildings and infrastructure. Treating canopy limits of indoor cultivation in the CA zone the same as the C-4 and M zones would provide the Licensing Official discretion in approving canopy size. It would be important to consider how to balance such an expansion with the need to prevent any additional losses of viable agricultural soil associated with redevelopment including ancillary takes of land currently permissible for other commercial agricultural operations.

Processor License Option

Many proposed outdoor cultivation sites are planning to harvest their cannabis and ship it off site for processing. Processing is the act of trimming, drying, curing, grading, packaging, or labeling of cannabis. The State differentiates this activity and has a license mechanism for independent processing facilities. Currently the County does not have a license mechanism for these specific types of operations. This gap in available licensing has led to cultivated cannabis in the County being transported out of our jurisdictional area, creating inefficiency in the local market and increasing the vehicle miles travelled throughout the County. A processor license, limited to existing structures within the CA, C-4 and M zones, may increase efficiency of the local market while reducing vehicle miles traveled throughout the County and reconcile differences with the State licensing process.

Advertising Restrictions:

The Board recently adopted changes to local advertising and signage restrictions concerning retail cannabis operations. The Board may wish to make the same changes to SCCC 7.128 for non-retail operations.

Chapter 13.10 Use Permit Review

Commercial cannabis projects are commercial developments that must undergo a thorough use permit review and CEQA determination. This process is the most time-consuming portion of the licensing process. The use permit process for cannabis is different than other commercial use permits due to the agricultural nature of cultivation and Best Management Operational Practice (BMOP) requirements. Non-cannabis commercial agricultural operators are concerned about the costs and time associated with a commercial cannabis use permit and license. As experienced growers they see cannabis operations as primarily “swapping out one commercial crop for another.”

While this may be over-simplification, the level 5 permit review process may seem particularly burdensome for some cultivation operations. Reducing some operations to a lower review process would not reduce the extent of review or the need for a CEQA determination but could greatly reduce the time for projects to complete the licensing process and begin operations. In many situations the amount of time saved could be three months or more.

If your Board is interested in addressing this or any of the issues outlined above, staff could return at your May 14th meeting with recommendations. This would allow sufficient time to take any contemplated changes to Chapter 13.10 to the Planning Commission, and then return to your Board on June 11th for a first reading of an ordinance to modify the program.

Strategic Plan Element(s)

These ordinance changes support the following Strategic Plan Goals:

- 1.C (Comprehensive Health & Safety: Local Justice)

Through continued improvement of the Cannabis Licensing ordinances, the Cannabis Licensing Program will increase public safety through practices and partnerships while also protecting our natural resources.

Submitted by:

Carlos J. Palacios, County Administrative Officer

Recommended by:

Carlos J. Palacios, County Administrative Officer

Attachments:

- a Cannabis Licensing Statistics (Exhibit A)
- b Compliance and Enforcement Statistics (Exhibit B)



County of Santa Cruz Board of Supervisors

Agenda Item Submittal

From: County Administrative Office

(831) 454-2100

Subject: Recommended Changes to SCCC 7.128 and 13.10 (Non-retail Cannabis Regulations)

Meeting Date: May 14, 2019

Recommended Action(s):

- 1) Consider the proposed recommended changes to Santa Cruz County Code Chapters 7.128 and 13.10, and accept public comments;
- 2) Provide direction to staff regarding any modifications to the proposed changes in concept, in order to confirm the content of the proposed Non-Retail Commercial Cannabis Regulatory Program changes that will be the subject of public hearings before the Planning Commission and the Board of Supervisors;
- 3) Direct the staff to appear before the Planning Commission in a public hearing on the proposed changes to the Cannabis Program at its meeting of May 29, 2019, and to prepare the recommendations from the Planning Commission for Board consideration;
- 4) Schedule a public hearing on June 11, 2019, beginning at 9:00 a.m. or thereafter, to consider the Planning Commission recommendations and the proposed Cannabis Program regulation changes, and instruct the Clerk of the Board to issue the appropriate notice for the public hearing; and
- 5) Take any additional related actions, as recommended by the Board of Supervisors.

Executive Summary

The purpose of this item is for the Board to provide direction to staff regarding any changes to the Non-Retail Commercial Cannabis Program regulations contained in Santa Cruz County Code Chapters 7.128 and 13.10, in concept. The content of the draft regulations 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 on May 29, 2019.

Background

On April 23, 2019, the Cannabis Licensing Office (CLO) presented a quarterly report on licensing activities. In addition, staff also included information on policy areas contained in Santa Cruz County Code Chapters 7.128 and 13.10 that could be changed in order to increase the number of licensees in the program and reduce the time it takes to achieve licensure for the non-retail commercial cannabis operators. The Board directed staff to return at today's meeting with draft recommendations for code changes including on the issues of a nursery license, canopy definition, eligibility, canopy limits, processing

license applications, advertising and use permit review; and additionally directed the Cannabis Licensing Office and Planning Department to include a plan of how we can achieve the goal of issuing 75 licenses by this time next year.

Analysis

The non-retail license process began in June 2018 with the enactment of Chapter 7.128. The non-retail licensing process involves obtaining approval from the licensing office and use permit(s) from the Planning Department, including a California Environmental Quality Act (CEQA) determination. Depending on the scope and scale of operations, the use permit may also require a public hearing.

As the CLO has progressed with the licensing process and as the State continues to refine its rules and regulations, a variety of issues have presented themselves. Some concerns relate to potential conflicts between State and local law; others relate to whether the County's current ordinances might be restricting marketplace activities in a way that the Board would wish to address. The following are the policy areas previously presented to the Board and include suggested recommendations for changes to Santa Cruz County Code Chapters 7.128 and 13.10. In addition, minor wording changes, corrections of grammatical errors and numbering/lettering changes occur throughout the document as noted in the strike-out version provided.

Santa Cruz County Code Chapter 7.128

7.128.030 Definitions

Staff's proposed changes begin with the definition's sections, in order to reflect alignment with State definitions or bring greater clarity to the defined term. The following major changes are recommended in the definitions section:

§ F Cannabis Cultivation Area

"Cannabis Cultivation Area" means the sum of the canopy, immature plant growth area and the nursery square footage, as applicable.

Staff recommends adding this definition to establish a term for the total area of all commercial cannabis cultivation operations, including canopy (mature plants), immature plants and nursery stock.

§ H Cannabis Greenhouse

"Cannabis Greenhouse" means an agricultural structure constructed of glass or an opaque material which allows natural light to enter and a framing material (e.g. wood, steel, aluminum) that may be open to the elements periodically, including by retracting the walls or roof.

Staff recommends adding this definition because the State definition of indoor cultivation includes greenhouses and the State defines its license types by the structure or lack of structure where cannabis cultivation takes place. This addition provides further clarity between County Code and State Regulations.

§ K Cannabis Nursery

"Cannabis Nursery" means an operation with a class N license engaged in activity or activities associated with producing clones, immature plants, and

seeds.

Staff recommends adding this definition to align with the State definition and in conjunction with the proposed addition of a Cannabis Nursery license type.

§ M Cannabis Processing

“Cannabis Processing” means all activities associated with the drying, curing, grading, trimming, rolling, storing packaging, and labeling of non-manufactured cannabis products. Cannabis processing is a type of cultivation activity.

Staff recommends adding this definition in order to align with the State definition and in conjunction with the proposed addition of a Processor licensing type.

§ O Canopy

Staff recommends aligning the canopy definition with the State definition by clarifying that the canopy is the area that contains mature cannabis plants at any point in time.

§ X Immature Plant or Immature

“Immature plant” or “immature” means a cannabis plant which has a first true leaf measuring greater than one half inch long from base to tip (if started from seed) or a mass of roots measuring greater than one half inch wide at its widest point (if vegetatively propagated), but which is not flowering.

Staff recommends adding this language to provide clarity and align with the State definition.

§ Y Immature Plant Cultivation Area

“Immature plant cultivation area” means the specific area on a site where activities associated with producing clones and immature plants takes place.

Staff recommends adding this language due to the inclusion of this area in the cannabis cultivation area definition. It clarifies that unlike canopy this area must be contiguous and clearly defined.

§ HH Non-manufactured Cannabis Product

“Non-manufactured cannabis product” means flower, shake, leaf, pre-rolls, and kief that is obtained from accumulation in containers or sifted from loose, dry cannabis flower, or leaf with a mesh screen or sieve.

Staff recommends adding this language to provide clarity to cannabis processing activities and align with the State definition.

7.128.090(B)(2)(b) *Renewal License*

Staff recommends deleting language related to informational changes to align with the licensing application documents that will be used for both original and renewal applications. This information should be captured via a license amendment as detailed in 7.128.090(C)

Staff also recommends adding language requiring that applicants provide a copy of their State issued license and proof of compliance with workers compensation insurance requirements.

7.128.110(A) Cannabis Cultivation Licenses

- § 9 Class N licenses for cannabis nursery activity on parcels zoned CA, A, RA, TP, and SU.
- § 10 Class P licenses for all cannabis processing activities, for cannabis which is not cultivated on site, on parcels zoned CA, C-4 and M.

Staff recommends adding the above license categories. The addition is included in this section as nursery and processor operations are principally functions of a cannabis cultivator. Restrictions in eligibility for cultivation licenses will remain in place for nursery operations. Processor operations are limited to the CA, C-4 and M zones.

7.128.110(B) General Eligibility Restrictions for Cultivation Licenses

Staff recommends removing language related to the requirement that cultivators must have participated in the County registration process in 2016 and must provide evidence documenting they have been cultivating cannabis since before January 2013. The exception for commercial agricultural lands is also proposed to be removed as it is no longer needed based on the other eligibility criteria's being removed.

The original intent behind these eligibility restrictions was to protect our local cultivators and provide them with the first opportunity to apply for local licenses. Initially, there were 760 registrants. As the program has progressed and registrants have dropped out or failed to follow through with requested information there are now 438 cultivation registrants, 63 of whom were able to obtain Local Authorization Letters (LOLA) and State temporary licenses for active cultivation sites which supply our local retail outlets. Only 53 pre-applications have been received to date, primarily from cultivators with LOLAs and some manufacturers, who were not required to register. Of the 42 pre-applicants who have been cleared to proceed to the land-use process only nine (9) have submitted a land-use application, which is approximately 2% of the current registrants. It is unlikely that the CLO could meet the stated goal of 75 licensees or maintain financial sustainability for the program without the removal of these eligibility restrictions.

7.128.110(C) Canopy and Cultivation Area Limits

Staff recommends changes in this area to differentiate between canopy (mature plants) and immature and nursery plant growth areas. This would align with State policy and allow operators to pay State license fees based on the canopy they cultivate rather than on all areas of plant growth.

Staff recommends the addition of up to 50% more cultivation area on CA zoned parcels for the cultivation of immature plant growth and nursery operations. This change would include up to an additional 1.25% of the total

parcel size for single licensees and up to 2.5% of total parcel size for co-location sites.

Staff recommends an additional 11,000 square feet of immature plant growth area for single parcel class C-4 and M licenses. This addition is not applicable to parcels within the coastal zone limitations.

Staff recommends an exception for cultivation area limits on single parcel indoor cultivation sites in the CA zone outside of the coastal zone and the coastal zone plus 1-mile area. This exception allows development, reconstruction or remodeling of buildings and infrastructure of permitted and legally non-conforming impervious areas which existed prior to April 18, 2019. The development must include all activities related to the cannabis business and may not result in any additional removal of prime agricultural soil.

Staff also recommends removal of the 100,000 square foot limit on Class C-4 and M licenses as this limit does not directly relate to square footage dedicated to commercial cannabis businesses in these zones. Cannabis distributors and manufacturers may utilize space in these zones. Staff recommends providing an update of currently licensed and pending use permit square footage to the Board during the quarterly meetings.

Finally, staff recommends that Class P licensed operations be restricted to existing structures.

7.128.130(B)(15) Cannabis Manufacturing Licenses

Staff recommends deleting the exception for on-site consumption for quality control at cannabis manufacturing facilities as this is in conflict with State regulations.

7.128.150(A)(1) and (A)(2) Cannabis Distribution Licenses

Staff recommends the addition of the language “any ancillary activity, such as cannabis flower packaging, pre-roll packaging or labeling products, that is conducted with the distribution activity” and the deletion of the language “carries out packaging requirements as needed” to better clarify approved distribution license activities.

7.128.170(H) General Requirements

Staff recommends revising the language related to advertising and signage to mirror the language used for the retail industry, as recently approved by the Board.

Santa Cruz County Code Chapter 13.10

The changes in Chapter 7.128 have been incorporated into Chapter 13.10 where appropriate. Additional changes to Chapter 13.10 include a revision to the agricultural use charts within Section 13.10.312(B). These revisions include a reduction in use permit level as follows:

- From 5 to 3 for cannabis cultivation in the CA zone within existing greenhouses where the proposed cultivation is greater than 20,000 square

feet, in new greenhouses outside the coastal zone and plus one-mile buffer between 2,000 and 20,000 square feet, and outdoor cultivation within the coastal zone and the plus one-mile buffer;

- From 5 to 4 for cannabis cultivation in the CA zone in new greenhouses outside the coastal zone and plus one-mile buffer greater than 20,000 square feet, thus mimicking current use permit levels for new non-cannabis greenhouses;
- From 5 to 4 for class 1 (self) cannabis distribution outside the coastal zone and plus one-mile buffer greater than 2,000 square feet, in new or existing legal structures;
- From 5 to 3 for class 1 (self) cannabis distribution inside the coastal zone and plus one-mile buffer greater than 2,000 square feet, in existing legal structures; and
- For all indoor cultivation in existing legal structures in the C-4 and M zones the use permits are proposed to be reduced from 4, 5, and 6 to 3.

Staff recommends these modifications to the agricultural use charts to further prioritize use permits in the CA zone. Modifications to the C-4 and M zones for existing structures are proposed to streamline the use permit review process for interior building modifications. Collectively these are needed to assist staff with meeting the Board's goal of issuing 75 licenses by this time next year.

13.10.650(D)(2)(d)(I) Manufacturing Exception for Open Air Extraction

Staff recommends deleting the open-air extraction exception as this is in conflict with State regulations.

Proposed Plan for Licensure Goal

The Board asked the CLO and Planning Department to return with a plan for achieving the goal of issuing 75 cannabis licenses within a year. It should be noted that the path to licensure from an unregulated marketplace is one that involves continual evaluation and process improvements, as well as extensive education and outreach to the industry. Both the CLO and the Planning Department remain committed to the goals of the cannabis licensing program to license all those who wish to participate in this new marketplace while protecting neighborhoods and our environment.

Improvements have already been made in 2019 by staff in both the CLO and the Planning Department including:

- Significant revisions to the ease the application process; Canna-LORI documents have been improved to provide a high level of clarity for applicants and the professionals they've retained.
- Program Statements, which are a narrative overview that provides the framework for the minimum data required within a use permit application, were consistently deficient. A new Program Statement template has been created covering all potential non-retail operations. The template includes the minimum data needed for the Program Statement and what data must be included in the plan sets.

Following these changes, staff has observed significant improvement in the quality of use permit applications.

Staff in both departments are targeting other areas where application deficiencies are consistently identified and are creating additional aids to assist applicants. In addition, cross-departmental meetings and discussion as well as the development of additional templates and matrices continue in order to ensure consistent review criteria is applied and that the use permit processing is as efficient and consistent as possible. Staff also intends to:

- Conduct a survey of all registrants to understand what is preventing them from applying for a license.
- Conduct at least one outreach and education event per quarter to listen to industry concerns and assist with the licensing process.

Additional efforts within the Planning Department, under the continuous improvement project known as PRIMO PIE (Permitting Improvement Effort), are also expected to improve the use permit process for cannabis applicants.

We believe that these efforts and adoption of the recommended ordinance changes will provide the framework for the Cannabis Licensing Office to meet the objectives specified by the Board, including issuing 75 licenses issued within one year and obtaining the economic and tax benefits associated with licensure.

Financial Impact

While the proposed changes to Santa Cruz County Code Chapters 7.128 and 13.10 are intended to increase the number of cannabis licenses issued, the financial impact of these changes is difficult to assess at this time.

Strategic Plan Element(s)

These ordinance changes support the following Strategic Plan Goals:

- 1.C (Comprehensive Health & Safety: Local Justice)

Through continued improvement of the Cannabis Licensing ordinances, the Cannabis Licensing Program will increase public safety through development of a thriving regulated marketplace (which will in turn position the County to better control and diminish the illegal market).

Submitted by:

Carlos J. Palacios, County Administrative Officer

Recommended by:

Carlos J. Palacios, County Administrative Officer

Attachments:

- a Proposed 7.128 Modifications - Attachment A
- b Proposed 7.128 Modifications (strikeout-underline) - Attachment B
- c Proposed 13.10 Modifications - Attachment C

d Proposed 13.10 Modifications (strikeout-underline) - Attachment D