



County of Santa Cruz
Cannabis Licensing Office
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Santa Cruz, CA 95060
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Cannabisinfo@santacruzcounty.us



November 13, 2024

AGENDA: November 13, 2024
Item #7

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

SUBJECT: Public Hearing to review and provide recommendation to the Board of Supervisors on proposed amendments to County Code regarding canopy allocations for non-retail commercial cannabis operations.

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 (Board) related to proposed changes to the Non-Retail Commercial Cannabis Program regulations contained in Santa Cruz County Code Chapter 13.10.650

BACKGROUND

On November 14, 2023, the Board presented a letter emphasizing sustainable growth, economic development, and responsible cannabis regulation, in alignment with the 2023 Sustainability Plan updates. They discussed the matter and directed the Cannabis Licensing Office (CLO) to conduct public meetings across various districts to collect public opinion. The motion from that meeting outlined specific discussion topics to be covered:

- Changes to canopy limits;
- Increases to cannabis cultivation area and greenhouses;
- Limited retail sale of cannabis goods grown and produced by cultivation licensees at the point of cultivation;
- Medicinal, educational and recreational options for onsite consumption;
- An onsite consumption pilot program; and
- Changes to co-location options for non-retail commercial cannabis.

The Board instructed the CLO to facilitate discussions on potential options to gain a deeper understanding of public concerns before considering any changes to the existing cannabis ordinance.

The CLO presented a report of the results of the listening sessions to the Board on June 4, 2024. The report prompted a discussion among the Board members which resulted in the Board directing the CLO to draft ordinances related to the items on the November 14, 2023, agenda memo, mentioned above. With additional direction to bring back the cultivation related items no later than the end of October.

This report is limited to the cultivation related items which include:

- Align the canopy limits across zone districts and license classes with their current co-location maximums
- Remove the co-location option outlined under the non-retail commercial cannabis uses section of Santa Cruz County Code (SCCC) Chapter 13.10.650
- Allow cultivators in good standing who have not been the subject of complaints to apply for an additional 2% canopy bonus of the parcel size every year.
- Allowing CA-zoned parcels, less than 10 acres, to use the entire square footage of established greenhouses for cannabis production.

On September 10, 2024 the CLO presented two options for the Board's considerations, which would implement their direction from June 4th. The options prompted a discussion among the Board members which resulted in the Board selecting one option with a minor modification. The ordinance presented as Exhibit C, has been amended to reflect the Board direction.

The provisions in the County Code relating to non-retail commercial cannabis were first adopted by the Board in May 2018, with the goal of being an iterative regulatory program that evolved over time. Since adoption, Chapter 13.10 has been revised to provide clarity and reflect changes made at the state level and the Board's vision for the program. In 2020 the Board identified a disconnect between their original stated goals and implementation of the program. This disconnect stemmed from the concept that all cannabis development was a commercial use rather than an agricultural use, which led to cannabis being defined as an agricultural activity and being principally permitted within the Commercial Agricultural (CA) zone district. Following that change there have been additional iterative changes to the program.

DESCRIPTION AND ANALYSIS

Staff has prepared changes to SCCC Chapter 13.10.650 following the Boards directive of aligning the canopy limits with the current co-location maximums, increasing the canopy allocation for operators who remain in good standing, removing the co-location language, and allowing the entire square footage of existing greenhouses in the CA zone district to be utilized for cannabis cultivation. The proposed changes grant the CLO has discretion in granting canopy expansions in excesses of what is currently allowed. The total canopy limits for the CA, Special Use (SU) and Timber Production (TP) zone district have been deleted to allow for the expanded allocations. The current canopy limits are two acres in the CA zone district, 22,000 square feet in SU, and 10,000 square feet in the TP.

Only the CA, SU, and TP zone districts have been included in the increased canopy allocation. The Board has voiced concerns for allowing cannabis cultivation in the A and RA zone districts based on the residential nature of these districts. This concern paired with only having one cultivation site in the RA zone and one in the A zone is the basis for staff's recommendation to exclude both the A and RA zone districts from the expansion. The Board has also expressed concern that the cannabis industry could utilize too much space in the C-4 and M-1 zone district, which staff reports on in every bi-annual Board report. That concern is the basis for excluding the C-4 and M-1 zone district from the expansion.

The proposed changes align the canopy limits for single operators with the current co-location limits and remove the co-location language from SCCC Chapter 13.10.650. The co-location language was included to incentivize cannabis cultivators to partner with other cultivators to reduce the financial burden of obtaining a use permit while entitling more land to be allowed for cultivation operations. The co-location option has not had the intended effects. Operators have found ways to obtain the benefits of co-location maximums without partnering. They've done this by splitting up their original companies. When the Board changed the definition of cannabis cultivation to an agricultural activity and allowed cultivation as a principally permitted use in the CA zone, the financial motivation decreased.

The proposed changes will allow the CLO for discretion in establishing canopy limits within greenhouses, which existed prior to November 2016, for cannabis cultivation in the CA zone district. Current code allows for this discretion in the CA zone district for parcels greater than 10 acres in size. The change will allow the same discretion in the CA zone district for parcels smaller than 10 acres.

The proposed changes allowing canopy expansion in the CA, SU, and TP zone district will change the current two tier limits (the first tier is based on percentage of parcel size, the second tier is a total limit) to a single limit based on a percentage of parcel size. This version proposes allowing canopy limits to expand in the CA zone district from 5% to 15% of the parcel size, and in the SU and TP zone district from 1.25% to 10% of the parcel size. This version also proposes expanding the allowable nursery allocation in the CA zone from 2.5% to 10% of the parcel size.

Canopy Limit Removal Analysis

A two tiered canopy limit is currently included in all eligible zone districts for cannabis cultivation. To enact the Board direction the numeric square footage limits must be removed from code to allow for the canopy expansion. By removing these limits from code there are nine cultivation sites which will be able to expand canopy immediately.

Canopy limits will be based solely on parcel size under the proposed regulations. An example of the change, based on a currently licensed site, is provided below:

- CA zone parcel that is 41.39 acres
 - This zone district allows 5% of the parcel size to be used for canopy
- This would result in a canopy limit of 2.07 Acres or an additional 3,050 square feet of canopy

This example was selected because it illustrates that removing the current canopy limits in code would impact sites in the CA zone district that are approximately 40 acres or larger.

Of the nine cultivation sites that would have an increase to their canopy limit six are in the CA zone, two in the SU zone district, and one in the TP zone district.

Environmental Analysis

None of the environmental protections with County Code are proposed to be modified. The environmental protections are defined in SCCC Chapter 13.10 include cross-references to Chapter 16 (Environmental and Resource Protection), prohibitions on activities within sandhill and salamander habitats, prohibition on cultivation on slopes steeper than 20%, a prohibition on grading of slopes greater than 20%, and setbacks from water courses and bodies.

The CLO inspects all operators quarterly, the Agricultural Commissioner's Office provides oversight via the pesticide program and the weighmaster program, the Water Board permits every cultivation site, the Department of Fish and Wildlife review every cultivation site for compliance based on their water source, and the state cannabis licensing agency has oversight on every operator.

This combination of SCCC requirements, state agency permits and oversight, and the Agricultural Commissioners oversight has and will continue to be the foundations for maintaining environmental protections associated with commercial cannabis operations.

These protections limit the potential canopy expansions in all zone districts, most significantly in the SU and TP zone districts because of their proximity to competing land uses and terrain. The TP zone district is further limited to only allowing commercial cannabis cultivation to sites with pre-existing legal commercial uses.

The proposed changes will allow more cannabis cultivation on lands that were previously used for commercial agricultural production or on lands that were previously used for commercial purpose. The proposed changes qualify for exemptions from the California Environmental Quality Act ("CEQA") per Sections 15301 and 15304 of the CEQA Guidelines. An agency may combine several exemptions to find an entire project exempt. Section 15301 is the categorical exemption for existing facilities which applies to facilities where there is no significant expansion beyond current use. The Section 15301 exemption applies because the expansion of the cannabis use is substantially similar to the existing principally permitted agricultural uses of growing plants for commercial purposes. As discussed below, the expansion of cannabis uses will use less water than all but one type of existing commercial agriculture operations we observe throughout the County. The expansion of cannabis cultivation within prior commercial uses will be less intense than other commercial uses which include commercial agriculture and visitor accommodations. Section 15304 is the categorical exemption for minor alterations of land. Examples of these types of projects listed in Section 15304 include, but are not limited to: grading on land with a slope of less than 10% and not in a waterway, wetland, designated scenic area, or official areas of geologic hazard; minor temporary use of land having negligible or no permanent effects on the environment; and minor road trenching or backfilling where the surface is restored. The Section 15304 exemption applies to this proposed project as the project consists of minor agricultural grading and changes to the land that do not significantly alter the environment. Minor agricultural grading is exempt from permitting within Santa Cruz County. Foreseeable changes to land may include the installation of irrigation systems within disturbed agricultural soils. These activities fall within the examples identified in the regulation, or are substantially similar.

Cannabis cultivation is an agricultural activity with more environmental protections than other commercial agricultural operations. Every cannabis cultivation site must undergo CEQA analysis to assess potential environmental impacts as part of the business licensing process for the County

and the State must review all CEQA determination prior to issuing a Bureau of Cannabis Control business license.

One of the main environmental concerns the community has had about cannabis cultivation is water use. To better assess cannabis water use staff researched various sources. The table below represents data on cannabis from the Resource Innovation Institute, Berkeley Cannabis Research Center and New Frontier Data, Cannabis H2O Water Use & Sustainability in Cultivation, 2021 and data on other crops from the Pajaro Valley Water Management Agency, Irrigation Rate Analysis Update Memorandum, 2013. These reports provide context for cannabis water uses versus other commercial crops commonly found in our county.

Table 1: Comparison of Water Use

Crop	Water Use Per Square Foot Per Year (Gallons)*	Water Use Per Acre Per Year (Gallons)
Apples	3.7	162,925
Cannabis (Outdoor)	11.3	492,228
Nurseries / Cut Flowers	13.5	586,532
Cannabis (Mixed-Light)	14.9	649,044
Raspberries	15.0	651,702
Mixed Berries	15.7	684,287
Strawberries	18.7	814,628
Vegetables Row Crops	18.7	814,628
<i>Average Water Use for irrigate lands in the Pajaro Valley</i>	<i>16.5</i>	<i>716,873</i>

* Square foot of the operational area not the actual canopy

Another analogy for cannabis cultivation and water usage is a comparison to home use. An average home uses 131,400 gallons per year which is approximately 18,000 more gallons of water than a 10,000 square foot outdoor cultivation site.

Summary of Proposed Program Revisions

The proposed amendments include changes to the canopy allocation table in Chapter 13.10.650 (C)(2) per the Boards directive. The amendments align the canopy limits with the current co-location maximums, remove the co-location language, increase the canopy and nursery allocation for operators who remain in good standing for at least two years, and allowing the entire square footage of existing greenhouses in the CA zone district to be utilized for cannabis cultivation.

The amendments which will increase the canopy and nursery allocation are limited to the CA zone district. The proposed canopy limit is an increase from 5% to 15% of the total parcel size and the proposed nursery limit will increase from 2.5% to 10% in the CA zone district. The amendments will increase the total usable space for cannabis cultivation (nursery and canopy) in the TP and SU zone districts from 1.25% to 10% of the parcel size.

The amendments to allow increases in canopy and nursery space are discretionary. The CLO will be responsible for ensuring any increases comply with all County environmental protections and that state agencies have approved all expansions. Additionally, the CLO must make CEQA determinations for all expansions.

There are several small code clean-up changes, which have been included for uniformity across County code.

Notwithstanding the code changes, issuing cannabis business licenses will continue to be considered a discretionary action of the CLO, and all cannabis businesses will continue to be subject to discretionary land use permits, except for cultivation operations within the CA zone district. No cannabis business license may be granted until a complete CEQA review is completed for the subject parcel.

CONCLUSION

The proposed code amendments help further align the Non-Retail Commercial Cannabis Program with the initial goals set by the Board. The iterative nature of these changes further reflects the will of the Board and the community. The community input during the conception of these changes began with four listening sessions per the Board's direction in November 2023. The Board was clear they wanted to maximize community input on the various code changes that they proposed in November 2023. The community was present on June 4, 2024 for the Board report on the listening sessions. During that report the Board directed staff to return with amendments for their considerations and to give community members an additional opportunity to provide input. This meeting paired with the final report to the Board will provide two additional opportunities for community input.

Based on the community input received to date and the Board direction staff has prepared the following recommended actions for the Planning Commission:

RECOMMENDED ACTIONS

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

1. Conduct a public hearing on the proposed amendments to the 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 Santa Cruz County Code (Exhibit C).

Sincerely,

SAM LOFORTI
Cannabis Licensing Office Manager

EXHIBITS

Exhibit A: Resolution

Exhibit B: CEQA Notice of Exemption

Exhibit C: Santa Cruz County Code 13.10 Amendments

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

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 ADOPTION OF
PROPOSED AMENDMENTS TO SANTA CRUZ COUNTY CODE SECTION
13.10.650 REGARDING COMMERCIAL CANNABIS BUSINESS.**

The Santa Cruz County Planning Commission hereby finds and declares:

WHEREAS, the Board of Supervisors of the County of Santa Cruz (the “Board”) directed the Cannabis Licensing Office (“CLO”) and the Planning Department to prepare amendments to various sections of the Santa Cruz County Code (“SCCC”) to revise the total canopy allocations for cannabis cultivation and remove the co-location requirements; and

WHEREAS, on June 4, 2024, the Board of Supervisors directed the CLO to propose revisions to the Cannabis Program, specifically sections in SCCC 13.10, to align the canopy allocation with the co-location limits, provide for additional canopy bonuses for operators who remain in good standing, and remove the co-location requirements; and

WHEREAS, the Board of Supervisors directed the Planning Commission to hold a public hearing on the proposed changes to the Cannabis Program; and

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

WHEREAS, the proposed amendments to the SCCC are not subject to the California Environmental Quality Act (“CEQA”) pursuant to sections 15301 and 15304 of the CEQA guidelines, which are exemptions for the existing facilities and minor alterations of land; .;

NOW, THEREFORE, BE IT RESOLVED, that the Planning Commission recommends that the Board of Supervisors, and thereafter submitted to Coastal Commission for certification, confirm that a Notice of Exemption is appropriate under CEQA (Exhibit B); and

BE IT FURTHER RESOLVED that the Planning Commission recommends that the Board of Supervisors approve the proposed amendments to 13.10.650 of the Santa Cruz County Code (Exhibit C).

PASSED AND ADOPTED by the Planning Commission of the County of Santa Cruz, State of California, this 13th day of November 2024 by the following vote:

AYES: COMMISSIONERS:
NOES: COMMISSIONERS
ABSENT: COMMISSIONERS
ABSTAIN: COMMISSIONERS

Chairperson

ATTEST: _____
Secretary

APPROVED AS TO FORM:

COUNTY COUNSEL

cc: County Counsel



County of Santa Cruz
Cannabis Licensing Office
701 Ocean Street, Room 520
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NOTICE OF EXEMPTION

To: Clerk of the Board
Attn: Juliette Rezzato
701 Ocean Street, Room 500
Santa Cruz, CA 95060

Project Name: Non-Retail Commercial Cannabis Update

Project Location: Countywide

Assessor Parcel No.: N/A

Project Applicant: County of Santa Cruz Cannabis Licensing Office

Project Description: The project updates the Santa Cruz County Code for non-retail cannabis cultivation canopy allocation with the TP, SU, and CA zone district as defined in Santa Cruz County Code Chapter 13.10.650. The changes encompass revisions to canopy allocations as defined by the Board of Supervisors.

Agency Approving Project: County of Santa Cruz Board of Supervisors

County Contact: Samuel LoForti

Telephone No. 831-454-3426

Date Completed: December 10, 2024

This is to advise that the County of Santa Cruz Board of Supervisors has approved the above-described project on _____, 2024 (date) and found the project to be exempt from CEQA under the following criteria:

Exempt status:

- ☐ 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).
- ☐ The proposed activity is exempt from CEQA as specified under CEQA Guidelines Section 15321.
- ☐ **Ministerial Project** involving only the use of fixed standards or objective measurements without personal judgment.
- ☐ **Statutory Exemption** other than a Ministerial Project (CEQA Guidelines Section 15260 to 15285).
- ☒ **Categorical Exemption** CEQA Guidelines 15301 and 15304

Reasons why the project is exempt:

The proposed changes qualify for exemptions from CEQA per Sections 15301 and 15304 of the CEQA Guidelines. An agency may combine several exemptions to find an entire project is exempt. The changes to Santa Cruz County Code Chapter 13.10.650 are exempt via the class 1 categorical exemption defined in Section 15301 of the CEQA guidelines which entails changes to existing facilities. As stated in the CEQA Guidelines, the key consideration for applying this exemption is whether the project involves negligible or no expansion of use. Section 15301 lists six different examples of the projects that would be expected to fall within Class 1. However, the types of "existing facilities" itemized within Class 1 are not intended to be all-inclusive of the types of projects which may fall within the class. The following are some examples listed in Section 15301: Class 1 consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use. The types of "existing facilities" itemized above are not intended to be all-inclusive of the types of projects which might fall within Class 1. The key consideration is whether the project involves negligible or no expansion of use. The expansion of the cannabis use is substantially similar to the existing principally permitted agricultural uses of growing plants for commercial purposes. The expansion of cannabis uses will use less water than all but one type of existing commercial agriculture operations (apple orchard) that we observe throughout the County. The expansion of cannabis cultivation within prior commercial uses will be less intense than other commercial uses which include commercial agriculture and visitor accommodations. The land use designations that will be impacted

by this project include the Commercial Agricultural, Special Use, and Timber Production zone. These zone districts share a goal of agricultural land preservation and allowing cannabis cultivation to expand within these districts aligns with this goal.

Section 15304 of the CEQA Guidelines involves minor public or private alterations in the condition of land, water, and/or vegetation which do not involve removal of healthy, mature, scenic trees except for forestry or agricultural purposes. Examples of these types of Class 4 projects listed in Section 15304 this exemption include, but are not limited to:

- Grading on land with a slope of less than 10% and not in a waterway, wetland, designated scenic area, or official areas of geologic hazard.
- New Gardening or Landscaping, including the replacement of existing conventional landscaping with water resistant or fire efficient landscaping.
- Minor temporary use of land having negligible or no permanent effects on the environment.
- Minor trenching or backfilling where the surface is restored.

The Class 4 exemption applies to this proposed project as the project consists of permitting cannabis cultivation activities in previously disturbed soils which have been zoned for agricultural and/or commercial use. This project may result in minor agricultural grading and other minor land disturbing activities associated with the cultivation of crops for commercial purposes.

Signature: _____ Date: _____ Title: Cannabis Licensing Manager

ORDINANCE NO. ____

**AN ORDINANCE AMENDING SECTION 13.10.650(C)(2) OF THE
SANTA CRUZ COUNTY CODE REGARDING NON-RETAIL
COMMERCIAL CANNABIS OPERATIONS**

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

WHEREAS, the Board of Supervisors of the County of Santa Cruz (the “Board”) directed the Cannabis Licensing Office (“CLO”) to prepare amendments to Santa Cruz County Code (“SCCC”) Chapter 7.128 and 13.10.650 in order to increase the cannabis cultivation canopy allocation for operators who remain in good standing;

WHEREAS, on November 14, 2023 the Board presented a letter emphasizing sustainable growth, economic development, and responsible cannabis regulation, in alignment with the 2023 Sustainability Plan updates. The Board discussed this letter and directed the CLO to conduct public meetings across various districts to collect public opinion;

WHEREAS, on June 4, 2024, staff presented the results of the public outreach and the Board directed the CLO to draft ordinances related to the items in the November 14, 2023 letter. The Board direction included returning to the Board to considered ordinances;

WHEREAS, on September 10, 2024, the Board reviewed ordinance options and directed staff to finalize changes and bring the ordinance to the Planning Commission for consideration; and

WHEREAS, the proposed amendments to the SCCC are not subject to the California Environmental Quality Act (“CEQA”) pursuant to sections 15301 and 15304 of the CEQA guidelines, which are exemptions for the existing facilities and minor alterations of land; and

WHEREAS, the Board has found and determined that the proposed amendments are consistent and compatible with the Local Coastal Program implementing ordinances.

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

SECTION I

Section 13.10.650(C)(2) of the Santa Cruz County Code is hereby amended to make the following changes:

13.10.650 Non-retail commercial cannabis uses.

(C) Commercial Cannabis Cultivation.

(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: 1) in CA and A zones outdoors; or 2) in 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 cultivation (including hoop house cultivation) may be permitted in conjunction with the adoption or amendment of a reclamation plan.

(e) Commercial cannabis cultivation may be permitted in SU zones only if the General Plan designation of the parcel is “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 zone 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 on parcels of at least 20 acres, except for those applicants who cultivate on parcels of at least 10 acres where sufficient evidence exists that cannabis was being cultivated as of January 2013, and the use permit is granted no later than December 31, 2020.

(f) Commercial cannabis cultivation with a Class CG license may be permitted within the CA, 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 SCCC [7.128](#) applicable to a Class CG license are met.

(g) 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).

(h) 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	Total Applicable Cultivation Area Description
CA/Class CA *	<p>On parcels where cultivation is conducted outdoors or requires new structural development, up to 5 percent of the size of the parcel may be utilized for canopy, immature plant growth areas and/or nursery operations. 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.</p> <p>After two years of continuous operations canopy limits may be expanded up to 15 percent of the size of the parcel at the discretion of the Licensing Official. An additional 10 percent of the size of the parcel may be utilized for</p>

	<p>nursery operations or immature plant growth areas or some combination of both.</p> <p>On parcels where cultivation takes place solely within structures existing as of November 2016, cannabis cultivation area limits will be set by the Licensing Official.</p>
A/Class A	<p>On parcels smaller than 20 acres, up to 3 percent of the size of the parcel, not to exceed 10,000 square feet total among all licensees</p> <p>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</p>
RA/Class RA	<p>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.</p> <p>On parcels larger than 10 acres, up to 1.25 percent of the size of the parcel, not to exceed 10,000 square feet.</p>
C-4/Class C-4 M/Class M	<p>Canopy may not to exceed 22,000 square feet. Immature plant growth area may not exceed 11,000 square feet. Inside the Coastal Zone cultivation area shall not exceed 22,000 square feet.</p>
TP/Class TP**	<p>Up to 1.25 percent of the size of the parcel not to exceed 10,000 square feet.</p> <p>After two years of continuous operations canopy limits may be expanded up to 10 percent of the size of the parcel at the discretion of the Licensing Official.</p>
SU-AG, SU-R-R, SU-R-M/Class SU	<p>Up to 1.25 percent of the size of the parcel not to exceed 10,000 square feet.</p> <p>After two years of continuous operations canopy limits may be expanded up to 10 percent of the size of the parcel at the discretion of the Licensing Official.</p>

SU-I/Class SU	<p>Up to 1.25 percent of the size of the parcel not to exceed 22,000 square feet.</p> <p>After two years of continuous operations canopy limits may be expanded up to 10 percent of the size of the parcel at the discretion of the Licensing Official.</p>
CG (CA, A, RA, TP and SU- R-R, R-M or AG)/Class CG	500 square feet.
<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> <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 SCCC 13.10.260, 13.10.261, and 13.10.262, and must have existed prior to April 18, 2019.</p> <p>(iii) Development of an indoor cultivation structure on a CA parcel will include additional conditions of approval to ensure protection of agricultural resources.</p>	
<p>** 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.</p>	

(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, fumigants, or any other method which may cause the pesticide to travel outside of the property boundary.
- (c) Commercial cannabis nursery operations, including both indoor and within an enclosed cultivation (such as an agricultural shade structure as defined by SCCC 12.10.315(A)(11)) within the CA zone district shall not be allowed within 50 feet of any habitable structure on a neighboring parcel. Indoor commercial cannabis cultivation shall not be allowed within 200 feet of any habitable structure on a neighboring parcel except in the CA zone district where indoor commercial cannabis cultivation shall not be allowed within 100 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 SCCC [16.30](#) (Riparian Corridor and Wetlands Protection) or SCCC [16.32](#) (sensitive habitats).

- (j) Commercial cannabis cultivation shall not be allowed within 50 feet of an ephemeral stream or within the setbacks required by SCCC [16.30](#) (Riparian Corridor and Wetlands Protection) or SCCC [16.32](#) (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.
 - (i) Excluding setbacks required by SCCC [16.30](#) or [16.32](#) , exceptions to the setback rules set forth herein 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, intervening structures or vegetation, etc.) reduce the setback distance necessary to protect the subject 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).

(ii) Exceptions to the setback rules set forth herein may be allowed for indoor cultivation operations in the C-4 and M-1 zone districts within the Rodeo Gulch Area Zoning Overlay subject to a recommendation of the Licensing Official that an exception is appropriate because physical conditions specific to the cultivation facility (such as topography, intervening vegetation or structures, etc.) reduce the setback distance necessary to protect the subject public interest.

SECTION I

Section 13.10.650(C)(2) of the Santa Cruz County Code is hereby amended to make the following changes:

13.10.650 Non-retail commercial cannabis uses.

(C) Commercial Cannabis Cultivation.

(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: 1) in CA and A zones outdoors; or 2) in 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 cultivation (including hoop house cultivation) may be permitted in conjunction with the adoption or amendment of a reclamation plan.

(e) Commercial cannabis cultivation may be permitted in SU zones only if the General Plan designation of the parcel is "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 zone 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 on parcels of at least 20 acres, except for those applicants who cultivate on parcels of at least 10 acres where sufficient evidence exists that cannabis was being cultivated as of January 2013, and the use permit is granted no later than December 31, 2020.

(f) Commercial cannabis cultivation with a Class CG license may be permitted within the CA, 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 ~~SCCC Chapter 7.128~~ ~~SCCC~~ applicable to a Class CG license are met.

(g) 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).

(h) 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,	For co-location on parcels smaller than 20 acres, up to five percent of the size of the parcel may be dedicated to

Zone/Class	Single Licensee	Co-Located (with approval of Licensing Official)
	<p>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 11,000 square feet. Cultivation area shall not exceed 22,000 square feet, for outdoor cultivation, within the coastal zone.</p>	<p>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 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 structures existing as of November 2016, cannabis cultivation</p>

Zone/Class	Single Licensee	Co-Located (with approval of Licensing Official)
		area limits will be set by the Licensing Official.
A/Class A	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.	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. 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 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 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

Zone/Class	Single Licensee	Co-Located (with approval of Licensing Official)
		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 (CA, A, RA, TP and SU-R-R, R-M or AG)/Class CG	500 square feet.	Not eligible for co-location.
<u>Zone/Class</u>	<u>Total Applicable Cultivation Area Description</u>	
<u>CA/Class CA *</u>	<p><u>On parcels where cultivation is conducted outdoors or requires new structural development, up to 5 percent of the size of the parcel may be utilized for canopy, immature plant growth areas and/or nursery operations. 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.</u></p> <p><u>After two years of continuous operations canopy limits may be expanded up to 15 percent of the size of the parcel at the discretion of the Licensing Official. An additional 10 percent of the size of the parcel may be utilized for nursery operations or immature plant growth areas or some combination of both.</u></p> <p><u>On parcels where cultivation takes place solely within structures existing as of November 2016, cannabis cultivation area limits will be set by the Licensing Official.</u></p>	
<u>A/Class A</u>	<p><u>On parcels smaller than 20 acres, up to 3 percent of the size of the parcel, not to exceed 10,000 square feet total among all licensees</u></p> <p><u>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</u></p>	

Zone/Class	Single Licensee	Co-Located (with approval of Licensing Official)
<u>RA/Class RA</u>	<u>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.</u> <u>On parcels larger than 10 acres, up to 1.25 percent of the size of the parcel, not to exceed 10,000 square feet.</u>	
<u>C-4/Class C-4</u> <u>M/Class M</u>	<u>Canopy may not to exceed 22,000 square feet. Immature plant growth area may not exceed 11,000 square feet. Inside the Coastal Zone cultivation area shall not exceed 22,000 square feet.</u>	
<u>TP/Class TP**</u>	<u>Up to 1.25 percent of the size of the parcel not to exceed 10,000 square feet.</u> <u>After two years of continuous operations canopy limits may be expanded up to 10 percent of the size of the parcel at the discretion of the Licensing Official.</u>	
<u>SU-AG, SU-R-R, SU-R-M/Class SU</u>	<u>Up to 1.25 percent of the size of the parcel not to exceed 10,000 square feet.</u> <u>After two years of continuous operations canopy limits may be expanded up to 10 percent of the size of the parcel at the discretion of the Licensing Official.</u>	
<u>SU-I/Class SU</u>	<u>Up to 1.25 percent of the size of the parcel not to exceed 22,000 square feet.</u> <u>After two years of continuous operations canopy limits may be expanded up to 10 percent of the size of the parcel at the discretion of the Licensing Official.</u>	
<u>CG (CA, A, RA, TP and SU- R-R, R-M or AG)/Class CG</u>	<u>500 square feet.</u>	

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

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

Zone/Class	Single-Licensee	Co-Located (with approval of Licensing Official)
	<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 SCCC 13.10.260, 13.10.261, and 13.10.262, and must have existed prior to April 18, 2019.</p> <p>(iii) Development of an indoor cultivation structure on a CA parcel will include additional conditions of approval to ensure protection of agricultural resources.</p>	
		<p>** 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.</p>

(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, fumigants, or any other method which may cause the pesticide to travel outside of the property boundary.

(c) Commercial cannabis nursery operations, including both indoor and within an enclosed cultivation (such as an agricultural shade structure as defined by SCCC 12.10.315(A)(11)) within the CA zone district shall not be allowed within 50 feet of any habitable structure on a neighboring parcel. Indoor commercial cannabis cultivation shall not be allowed within 200 feet of any habitable structure on a neighboring parcel except in the CA zone district where indoor commercial cannabis cultivation shall not be allowed within 100 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 SCCC [16.30](#) (Riparian Corridor and Wetlands Protection) or ~~SCCC Chapter 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 ~~SCCC Chapter 16.30~~ SCCC (Riparian Corridor and Wetlands Protection) or ~~SCCC Chapter 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.

(i) Excluding setbacks required by ~~SCCC Chapter 16.30~~ or ~~16.32 SCCC~~, exceptions to the setback rules set forth herein 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, intervening structures or vegetation, etc.) reduce the setback distance necessary to protect the subject 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).

(ii) Exceptions to the setback rules set forth herein may be allowed for indoor cultivation operations in the C-4 and M-1 zone districts within the Rodeo Gulch Area Zoning Overlay subject to a recommendation of the Licensing Official that an exception is appropriate because physical conditions specific to the cultivation facility (such as topography, intervening vegetation or structures, etc.) reduce the setback distance necessary to protect the subject public interest.