1.1 Program Context

Marijuana (hereafter referred to as cannabis) has been grown and processed for commercial purposes in Santa Cruz County for decades due largely to favorable geographic and climatic conditions for cultivation, including dense forested areas receiving substantial precipitation. However, cannabis is considered a controlled substance under federal law and it has historically been unlawful to cultivate, manufacture, distribute or dispense cannabis. Therefore, during most of its history, the local cannabis industry operated in a hidden manner so as not to attract the attention of the public or law enforcement.

In 1992, the voters of the County of Santa Cruz enacted Measure “A”, adding Chapter 7.122 to the Santa Cruz County Code (SCCC), which declared support for making cannabis available for medical use. In 1996, the voters of California approved Proposition 215, entitled “The Compassionate Use Act of 1996”. In response to the Compassionate Use Act, the County adopted SCCC Chapter 7.124, establishing a medical cannabis identification card program operated by the County. In 2004, the State Legislature enacted Senate Bill (SB) 420, which provided qualifying patients and primary caregivers who collectively or cooperatively cultivate cannabis for medical purposes with a limited defense to certain specified state criminal statutes. Both Proposition 215 and SB 420 primarily addressed applicable criminal laws, and did not provide comprehensive civil regulation of premises used for cannabis cultivation. SB 420 expressly allowed cities and counties to adopt and enforce ordinances consistent with SB 420, and in 2013, a California Supreme Court ruling also confirmed the authority of a local jurisdiction to adopt land use regulations, including those that address cannabis. On December 10, 2013, the County of Santa Cruz (County) adopted an ordinance related to medical cannabis dispensaries, providing that such businesses were prohibited, but establishing a “limited immunity from enforcement” for dispensaries that did not violate the restrictions and limitations added by the new SCCC Chapter 7.124.

On February 25, 2014, the County adopted a similar “limited immunity from enforcement” approach as related to medical cannabis cultivation within the unincorporated area of the County. The purpose of adopting the ordinance was to establish comprehensive civil regulations of premises used for cultivation in order to address existing adverse effects related to degradation of the natural environment, improperly diverting natural resources, risks of criminal activity, obnoxious odors, fire hazards from improper electrical wiring and inappropriate use of generators, and other adverse effects on neighborhood character and community quality of life. SCCC Chapter 7.126 was adopted to establish reasonable regulations upon the manner in which cannabis may be cultivated, including...
restrictions on the amount of cannabis that may be individually, collectively, or cooperatively cultivated in any location or premises, in order to protect the public health, safety, and welfare in the County.

An unintended consequence of adopting SCCC Chapter 7.126 in February 2014 was that it triggered a “green rush”, with existing cultivators expanding operations due to a sense that being hidden was less important, as well as new cultivators moving into the area and setting up new cultivation and manufacturing sites both outdoor and indoor. It appeared that many of the cannabis operations, especially new operators, simply acted upon a misunderstanding that the County allows cannabis activities, without reading or complying with the restrictions and requirements of the SCCC. Therefore, the adverse effects of illegal cannabis cultivation were exacerbated and expanded to include increased areas of hillside grading, clearing of trees and vegetation, and other environmental and community impacts. Currently, there is a significant known but difficult-to-quantify level of cannabis cultivation and manufacturing activity within the unincorporated area of the County.

Due to these adverse results, the County Board of Supervisors took action on August 18, 2015 to repeal SCCC Chapter 7.126 and prohibit the commercial cultivation of cannabis; however, due to the prospect of a County Referendum on that action, the Board later took action to repeal the repeal, which had the effect of leaving the above-described SCCC Chapter 7.126 in place.

The Board of Supervisors subsequently established a Cannabis Cultivation Choices Committee (“C4”), a limited-term advisory group comprised of experts in cultivation, land use, environmental regulations and more. C4 began meeting in September 2015 with the purpose of creating recommendations related to future refinements of the County’s approach to regulating cannabis cultivation.

Also in September of 2015, the Medical Marijuana Regulation and Safety Act (MMRSA) was approved, which established California’s first statewide regulatory system for medical cannabis businesses. In November 2016, California voters approved Proposition 64, for the Adult Use of Marijuana Act (AUMA), which legalized the personal adult (non-medical) use and cultivation of cannabis for adults 21 years and older. In June 2017, the California Legislature passed Senate Bill 94, the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA), which effectively combines MMRSA and AUMA to create a hybrid regulatory structure to address both medical and recreational cannabis activities under the state’s pending licensing program.

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>September: California establishes regulatory system for medical cannabis cultivation (MMRSA)</td>
</tr>
<tr>
<td></td>
<td>2015: County adopts SCCC Chapter 7.128, establishing an interim licensing program</td>
</tr>
<tr>
<td></td>
<td>2016: County prepares a proposed permanent licensing program (the subject of this EIR)</td>
</tr>
<tr>
<td>2016</td>
<td>2016: Proposition 64 legalizes cannabis for adult use under state law (AUMA)</td>
</tr>
<tr>
<td>Future</td>
<td>September 2015: County prepares a proposed permanent licensing program, pursuant to MAUCRSA</td>
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</table>
While the state is setting up its own licensing program, local governments can choose whether or not to adopt ordinances to permit or license local commercial cannabis activities. On December 8, 2015, the County adopted an ordinance (SCCC Chapter 7.128) which created an interim licensing scheme to regulate the commercial cultivation of cannabis. However, it is important to note that the existing SCCC Chapter 7.128 has not been effectuated with the granting of licenses, and in practice, only Chapter 7.126 offers limited immunity to limited amounts of cultivated cannabis in the County. The Board of Supervisors requested the C4 to advise the Board on a new cannabis cultivation ordinance and the County worked to draft a framework for a permanent licensing and regulatory program.

The proposed Commercial Cannabis Cultivation and Manufacturing Regulations and Licensing Program (Program) involves the repeal and replacement of SCCC Chapter 7.128 to provide a means for regulating commercial cannabis cultivation and manufacturing activities countywide, pursuant to the MAUCRSA.

### 1.2 Program Overview

The County seeks to adopt ordinances to license and regulate commercial cannabis cultivation and manufacturing consistent with required State of California licensing. The County has already adopted regulations that apply to existing dispensaries who are able to pursue licensing; therefore, the Program and this EIR does not pertain to cannabis dispensaries. Likewise, the County has already adopted an ordinance regarding personal cultivation of up to six living cannabis plants authorized under AUMA and MAUCRSA, and the Program and this Environmental Impact Report (EIR) also does not address that type of personal (non-commercial) cannabis cultivation. The Program would regulate cannabis cultivation and manufacturing in the unincorporated portions of the County while providing standards to address neighborhood compatibility concerns, adequacy of services and utilities, and protection of natural resources. The Program would therefore implement state law with appropriate regulations to safeguard public health, safety, and general welfare.

As further described in Chapter 2, *Project Description*, this EIR reviews potential environmental impacts of the repeal of Chapters 7.126 and 7.128 of the SCCC, adoption of a new SCCC Chapter 7.128 regarding licensing of commercial cultivation of cannabis, and adoption of a new SCCC Chapter 7.132 regarding licensing of cannabis product manufacturing. A component of the manufacturing regulations would establish new Cannabis Home Occupation provisions to allow very limited ancillary use of a detached single-family dwelling, operated by the occupant of the home with no employees (larger lot districts would allow limited employees through approval of a conditional use permit). Both cultivation and manufacturing would also be addressed in associated amendments to the General Plan and Local Coastal Program, and the Zoning Ordinance and other chapters of the SCCC.
This EIR evaluates two Program scenarios: the “Project” and the “More Permissive Project”, which are each analyzed at the “project” level of detail as opposed to being considered alternatives to the Program. In the Project and More Persmissive Project scenarios, the Program would allow commercial cannabis cultivation within unincorporated County areas zoned Residential Agriculture (RA), Special Use (SU), Timber Production (TP), Agriculture (A), Commercial Agriculture (CA), Service Commercial (C-4), and Industrial (M-1, M-2, M-3), subject to numerous restrictions, referred to as development standards. The specific development standards differ between the Project and the More Permissive Project scenarios, with the More Permissive Project conditions generally allowing for a greater potential amount of cannabis to be cultivated in the County (for details of differences between the Project and More Permissive Project standards and requirements, see Chapter 2, Project Description). Under the Project scenario, cultivation would be excluded from RA, SU, and TP zoning within an area defined by the Coastal Zone + 1-mile buffer inland. The Project scenario would not permit outdoor cultivation in the Second Supervisorial District, while the More Permissive Project would remove that restriction. The Program includes required setbacks from sensitive areas and uses such as schools and creeks, and certain prohibitions, which are based on the license type.

Additionally, manufacturing of cannabis products would be licensed in areas zoned RA, SU, TP, A, CA, C-4, M-1, M-2, M-3, and Community Commercial (C-2; only in conjunction with a licensed dispensary); small-scale cannabis manufacture home occupations would be allowed in association with detached single-family dwellings in residential, commercial, agricultural, industrial, timber production, and special use zoning districts. Manufacturing under both the Project and the More Permissive Project scenarios would be subject to restrictions based upon the materials and processes associated with the manufacturing activity, with limits on where certain types of manufacturing may locate. Notably, use of high pressure or other more hazardous processes and materials would not be allowed for cannabis home occupation businesses, which would also need to be a minor ancillary use of a detached single-family home (refer to Chapter 2, Project Description).

### 1.3 Purpose of the EIR and Legal Authority

The California Environmental Quality Act (CEQA) was enacted in 1970 by the California legislature to disclose to decision makers and the public the potentially significant environmental effects of proposed activities and the ways to avoid or reduce those effects by requiring changes to the proposed project, and/or implementation of feasible alternatives or mitigation measures. The purpose of an EIR is not to either mandate or prohibit a project or component thereof, and a project ultimately selected for approval by the decision-making body may incorporate components of the proposed Project (or the co-equal More Permissive Project in this EIR) or alternatives. CEQA applies to all California government agencies at all levels, including local government agencies that fund projects, adopt
regulations, or provide discretionary approvals for projects proposed by private applicants. As such, the County is required to undertake the CEQA process before making a decision on a project. In accordance with Section 21067 of CEQA and Sections 15367 and 15050 through 15053 of the state CEQA Guidelines, the County is the Lead Agency with authority and primary responsibility to perform environmental review, including certification of the EIR.

Guidance for the process and contents of an EIR are contained in the CEQA Statutes provided in California Public Resources Code (PRC) Section 21000 et seq. and the state CEQA Guidelines (California Code of Regulations [CCR], Title 14, Section 15000 et seq.). Additionally, the County’s SCCC Chapter 16.01, Regulations for Preserving and Enhancing the Environment, are the County environmental review guidelines and procedures to implement CEQA and state EIR Guidelines, as adopted by the Board of Supervisors.

This EIR was prepared in order to analyze the physical environmental impacts of the Program, inform agencies and the public of related potentially significant environmental effects, evaluate reasonable alternatives, and propose mitigation measures, changes in the proposed Program, and best management practices that would avoid or reduce the Program's significant effects. While Section 15021(a) of the state CEQA Guidelines requires that major consideration be given to avoiding environmental damage, the Lead Agency and other responsible public agencies must balance adverse environmental effects against other public objectives, including social and economic goals, in determining whether and in what manner a project should be approved. Projects may be approved that involve significant and unavoidable impacts, upon adoption of findings and a Statement of Overriding Considerations by decision-makers, explaining social, economic or other reasons for why the project is being approved in spite of remaining unavoidable impacts.

### 1.4 Program EIR

This EIR can be characterized as a Program EIR prepared pursuant to §15168 of the state CEQA Guidelines. The state CEQA Guidelines clarify that a Program EIR may be prepared on a series of actions that can be characterized as one large project and are related either 1) geographically; 2) as logical parts in the chain of contemplated actions; 3) in connection with issuance of rules, regulations, plans, or other general criteria to govern the conduct of a continuing program; or 4) as individual activities carried out under the same statutory or regulatory authority and having generally similar environmental effects which can be mitigated in similar ways.

A program-level analysis for the proposed Program is appropriate in this EIR because:

- Site-specific details for all cultivation and manufacturing sites are not available at this time;
- The proposed Program covers a defined geographic area with regional subareas with similar land use characteristics (as further discussed in Section 2.2, Existing Setting); and
- A program-level analysis provides the County with the opportunity to consider "broad policy alternatives and program-wide mitigation measures at an early time when the agency has greater flexibility to deal with basic problems or cumulative impacts" (CEQA Guidelines Section 15168(b)(4).

As a Program EIR, the level of detail included in the project description and methodology for impact analysis is more general than a project-level EIR, as site-specific details about individual cultivation and manufacturing sites are not available to be fully evaluated. This Program-level approach will
allow the County Board of Supervisors to consider the broad implications and impacts associated with the Program without requiring a detailed evaluation of individual properties.

A Program EIR is most helpful in dealing with subsequent activities if it addresses the effects of the Program as specifically and comprehensively as possible. In this way, many subsequent activities related to implementation of the Program could be found to be within the scope of the project described in the Program EIR, and if the agency finds that no new effects could occur or no new mitigation measures would be required, then the agency can approve the project (with mitigation measures, as required) as being within the scope of the project covered by the Program EIR, and no new environmental document would be required. In this situation, any required public notices for the subsequent activities are to include a statement that the activity is within the scope of the program approved earlier, and that the Program EIR adequately described the activity for the purposes of CEQA.

In accordance with CEQA Guidelines 15168(c), if subsequent, individual cannabis cultivation or manufacturing site development projects would have effects that were not examined in the EIR, further CEQA review would be required at that time to determine site-specific impacts in accordance with the use permit, license, or development application review process. However, this Program EIR can be used to simplify the task of preparing environmental documents on later parts of the Program or subsequent activities or projects. The Program EIR can provide the basis in an Initial Study for determining whether the later activity may have any significant effects, may be incorporated by reference as provided by the CEQA Guidelines [15168(d)(2)], and can be used to focus an environmental document on a subsequent project to permit discussion solely of new effects which had not been considered before.

This Program EIR analyzes the Program’s environmental effects by evaluating the cumulative amount of cannabis cultivation and manufacturing development that could occur as a result of the Program or a reasonable “worst-case” scenario for a particular resource area (see also, Section 3.0, Introduction and Approach to Analysis).¹ This Program EIR describes the existing environmental conditions and regulatory setting of the County based on data from the 2016 County Pre-Application License Registration Process, public agency compliance and enforcement data, field surveys, stakeholder surveys and interviews, other local cannabis industry knowledge, and case studies. The EIR analyzes potential environmental impacts that could result from implementation of the proposed Program in the foreseeable future, and identifies mitigation measures where feasible and necessary to avoid or reduce potentially significant impacts.

1.5 Scope of the EIR

This EIR assesses the potential environmental impacts that could occur with implementation of the proposed Program. As stated earlier, the “Program” consists of adoption of General Plan/Local Coastal Program policies and amendments, and adoption of new ordinances addressing issuance of licenses for commercial cannabis cultivation and manufacturing, and zoning ordinance and other SCCC amendments regarding commercial cannabis cultivation and manufacturing permitting and other requirements. The County has defined a proposed “Project” for these aspects of the Program, as well as a proposed “More Permissive Project” for these aspects of the Program. Analysis of the differences

¹The impacts that are evaluated are limited to those associated with expanded and new cultivation and manufacturing that is not already occurring as of the date the Notice of Preparation for this EIR was published in 2017. Discussion of the environmental baseline for the EIR analysis is provided in Section 3.0.
between the two projects is intended to result in information that is useful in making decisions about how to structure the Program that is ultimately recommended for adoption. The alternatives analysis also provides information regarding alternatives to both the defined Project and More Permissive Project. This Program EIR has been structured in this manner in order to provide high level information about regulatory choices and tradeoffs, as well as flexibility for decision-makers to adopt regulations that would fall anywhere within the range of the defined Program scenarios and the alternatives analyzed by this Program EIR.

The EIR evaluates potentially significant environmental impacts, including those associated with issues raised in public comments received in response to the Notice of Preparation (NOP) and at public workshops and hearings (see Appendix B, NOP and Public Comments). This scoping determined that the EIR should analyze the following issues (see Section 3.0, Introduction and Approach to Analysis):

- Aesthetics and Visual Resources
- Agricultural and Timber Resources
- Air Quality
- Biological Resources
- Cultural Resources
- Geology and Soils
- Greenhouse Gas (GHG) Emissions and Climate Change
- Hazards and Hazardous Materials
- Hydrology and Water Quality
- Land Use and Planning
- Public Services
- Population, Employment, and Housing
- Transportation and Circulation
- Utilities and Energy Conservation

This EIR addresses the topics referenced above and identifies potential environmental impacts associated with the Program, in accordance with the provisions of the state CEQA Guidelines. In accordance with state CEQA Guidelines §15128 (Effects Not Found to Be Significant), environmental impacts related to Noise and Mineral Resources were not considered significant and therefore were not fully discussed in the EIR (see Section 3.15, Other CEQA Issues).

Consistent with state CEQA Guidelines (§15126.6[d]), this EIR includes assessment of a reasonable range of alternatives to the Program, including alternatives that could feasibly attain most of the basic objectives while avoiding or substantially lessening one or more of the significant effects of the proposed Program (see Section 4.0, Alternatives).
1.6 Agencies and Roles

The EIR process for the Program involves the following interested agencies, as specified in the state CEQA Guidelines:

| **Lead Agency** | The County of Santa Cruz is the Lead Agency as it is the agency with principal responsibility for approving or carrying out the project (CEQA Guidelines §15367). Within the County organization, the Office of Cannabis Licensing, along with other county agencies and departments will have roles associated with the Program, including the Planning Department for land use permit, building permit, environmental permit and code enforcement functions; as well as Environmental Health, County Sheriff’s Office, and Agricultural Commissioner. |
| **Responsible Agencies** | Additional agencies with approval authority over aspects of the Program include the California Coastal Commission (CCC) (CEQA Guidelines §15381). |
| **Trustee Agencies** | State agencies with general management authority over specified natural resources of the state when the resources may occur within a Program area, including the California Department of Fish and Wildlife (CDFW), California Department of Parks and Recreation (CDPR), California Department of Food and Agriculture (CDFA), Regional Water Quality Control Board (RWQCB), and California Department of Conservation (CDOC) (CEQA Guidelines §15386). |
| **Other Interested Agencies** | Additional agencies that may be interested in the Program and its impacts, though would have no authority over Program approval or adoption, may include the Monterey Bay Air Resources District (MBARD), Department of Toxic Substances Control (DTSC), the Native American Heritage Commission (NAHC), California Department of Forestry and Fire Protection (CalFire), and the California Department of Transportation (Caltrans). |

1.7 Environmental Review Process

The EIR process for the proposed Program consists of the following steps, as specified in the state CEQA Guidelines:

| **Notice of Preparation (NOP)/Public Scoping Meeting** | The County issued an NOP on February 13, 2017 to request comments on the scope of the EIR. The NOP was published online at www.sccoplanning.com and circulated to relevant agencies, community organizations, and interested individuals in the County. A public scoping meeting was held on February 28, 2017; a 30-day public comments period closed March 15, 2017 (CEQA Guidelines §15082). |
| **Draft EIR and Public Review Period** | The County prepared and distributed a Notice of Availability (NOA) for the Draft EIR to relevant agencies and interested parties within the County on August 31, 2017. The NOA provided notice of a minimum 45-day public review and comment period for the Draft EIR, from August 31, 2017 to October 16, 2017, and the Draft EIR was made available on the County’s website: http://www.sccoplanning.com/PlanningHome/Environmental/CEQAInitialStudiesEIRs/CEQADocumentsOpenforPublicReview.aspx, and at the County Planning Department and County libraries (CEQA Guidelines §15087). |
| **Final EIR** | The County prepares a Final EIR which includes the Draft EIR with any necessary revisions, public comments received on the Draft EIR, and a list of persons and entities who commented, and written responses to public comments submitted during the Draft EIR public review period. The Final EIR will be available to public agencies at least 10 days prior to the public hearing when certification is considered |
1.8 Areas of Known Public Controversy

CEQA requires that an EIR identify areas of controversy known to the Lead Agency, including issues raised by the agency as well as the public (CEQA Guidelines §15123). Based on County public hearings, C4 meetings, the NOP scoping meeting, and public workshops on the Program, as well as public letters received on the NOP (see Appendix B), the following environmental issues are known to be of concern and may be controversial. Each issue is further discussed in this EIR.

- Zoning restrictions for commercial cultivation and manufacturing sites;
- Compatibility with surrounding agricultural and timber land uses;
- Compatibility with nearby residential communities;
- Criminal activity;
- Loss of agricultural land;
- Loss of forested land;
- Loss of sensitive biological habitat;
- Degradation of natural environment;
- Aesthetics and views;
- Objectionable odors;
- Hydrology and water quality, including surface and groundwater sources;
- Water demand and supply;
- Fire hazards;
- Utilities and waste demand;
• Public services demand; and
• Cumulative impacts, such as changes in the character of communities and rural areas.

1.9 Organization of the EIR

The content and organization of this EIR are designed to meet the current requirements of CEQA and the state CEQA Guidelines. The required CEQA sections are referenced along with the contents below to demonstrate CEQA compliance.

Executive Summary (Section 15123) presents a summary of the Program and alternatives, potential impacts and mitigation measures, and conclusions regarding growth inducement and cumulative impacts.

Table of Contents (Section 15122) provides a list of the contents included within the EIR.

Chapter 1, Introduction, provides an overview of the EIR process, describes the purpose and scope of this EIR, and outlines required EIR contents and the organization of the EIR.

Chapter 2, Project Description (Section 15124), describes the location, details, and objectives for the Program.

Chapter 3, Introduction and Approach to Analysis (Sections 15125, 15126.2, 15126.4, 15128, and 15130), describes the existing environmental conditions and regulatory framework for each environmental resource area before Program implementation, methods and assumptions used in the impact analysis, criteria for determining significance, impacts that would result from the Program, and feasible mitigation measures that would eliminate or reduce significant impacts. Section 3.14, Other CEQA Issues (Section 15126.2), identifies insignificant issue areas, as well as significant and irreversible, potential growth-inducing, and significant and unavoidable effects.

Chapter 4, Alternatives (Section 15126.6), evaluates the environmental effects of Program alternatives, including the No Project Alternative. It also identifies the environmentally superior alternative.

Chapter 5, List of Preparers (Section 15129) and References (Section 15129), identifies the individuals and/or organizations involved in preparing this EIR, and identifies the documents (printed and website references) and individuals (personal communications) consulted during preparation of this EIR. This chapter includes the agencies and people consulted to ascertain information for the analysis of impacts and support for the conclusions made from the analysis.

Chapter 6, Mitigation Monitoring and Reporting Program (MMRP) (Section 15091), provides a program for reporting on or monitoring the changes and measures that are either required as part of the Program’s adoption or made as future conditions of approval of projects or activities in order to avoid or substantially lessen significant environmental effects.

Technical Appendices provide information and technical studies that support the environmental analysis contained within this document, and include the NOP, responses to the NOP, and supporting technical studies.