

Appendix - C

Proposed Program

Proposed SCCC Section 7.128

Proposed SCCC Section 7.132

Proposed SCCC Section 13.10 Amendments

Proposed General Plan/LCP Amendments

This Page Intentionally Left Blank.

ORDINANCE NO. _____

**ORDINANCE REPEALING CHAPTER 7.128 OF THE SANTA CRUZ COUNTY CODE
AND ADOPTING NEW CHAPTER 7.128 REGARDING LICENSES FOR THE
COMMERCIAL CULTIVATION OF MEDICAL CANNABIS**

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

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

WHEREAS, in 1996, the voters of the State of California approved Proposition 215 (codified as California Health and Safety Code section 11362.5, and entitled "The Compassionate Use Act of 1996"); and

WHEREAS, (1) the intent of Proposition 215 was to enable persons who are in need of cannabis for medical purposes to use it without fear of criminal prosecution under limited, specified circumstances; (2) the proposition further provides that "nothing in this section shall be construed to supersede legislation prohibiting persons from engaging in conduct that endangers others, or to condone the diversion of cannabis for non-medical purposes"; and (3) the ballot arguments supporting Proposition 215 expressly acknowledged that "Proposition 215 does not allow unlimited quantities of cannabis to be grown anywhere"; and

WHEREAS, the Board of Supervisors added Chapter 7.124 to the Santa Cruz County Code which implemented provisions of Proposition 215 by establishing a medical cannabis identification card program operated by the County; and

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

WHEREAS, Health and Safety Code section 11362.83 expressly allows cities and counties to adopt and enforce ordinances that are consistent with Senate Bill 420; and

WHEREAS, following enactment of Senate Bill 420, the Board of Supervisors amended Chapter 7.124 to establish local guidelines consistent with the new State law for the possession and cultivation of medical cannabis used by qualified patients and caregivers; and

WHEREAS, (1) the Federal Controlled Substances Act, 21 U.S.C. §§ 801 *et seq.*, classifies cannabis as a Schedule I Drug, which is defined as a drug or other substance that has a high potential for abuse, that has no currently accepted medical use in treatment in the United States, and that has not been accepted as safe for use under medical supervision; (2) the Federal Controlled Substances Act makes it unlawful, under federal law, for any person to cultivate, manufacture, distribute or dispense, or possess with intent to manufacture, distribute or dispense, cannabis; and (3) the Federal Controlled Substances Act contains no exemption for the

cultivation, manufacture, distribution, dispensation, or possession of cannabis for medical purposes; and

WHEREAS, (1) Proposition 215 and Senate Bill 420 primarily address criminal law issues, providing qualifying patients and primary caregivers with limited immunity from state criminal prosecution under certain identified statutes; and (2) Proposition 215, Senate Bill 420, the relevant provisions of the Santa Cruz County Code, and the Attorney General's August 2008 Guidelines for the Security and Non-Diversion of Marijuana Grown for Medical Use adopted pursuant to Senate Bill 420 do not provide comprehensive civil regulation of cannabis cultivation facilities; and

WHEREAS, (1) on May 6, 2013, the California Supreme Court unanimously ruled in *City of Riverside v. Inland Empire Patients Health and Wellness Center, Inc.* (“*Inland Empire*”), that California’s medical cannabis laws do not preempt local ordinances that ban medical cannabis facilities; and (2) the Court found that the local police power derived from Article XI, section 7, of the California Constitution includes broad authority to determine, for purposes of public health, safety, and welfare, the appropriate uses of land within a local jurisdiction’s borders, and that “[n]othing in the CUA or the MMP expressly or impliedly limits the inherent authority of a local jurisdiction, by its own ordinances, to regulate the use of its land, including the authority to provide that facilities for the distribution of medical cannabis will not be permitted to operate within its borders”; and

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

WHEREAS, on December 10, 2013, the Board of Supervisors adopted an ordinance deleting then reenacting Chapter 7.124 of the Santa Cruz County Code, which prohibited medical cannabis businesses, but also granted a limited immunity from enforcement for such businesses that did not violate the restrictions and limitations added by that Chapter; and

WHEREAS, on February 25, 2014, the Board of Supervisors adopted an ordinance enacting Chapter 7.126 of the Santa Cruz County Code, which prohibited medical cannabis cultivation businesses, but also granted a limited immunity from enforcement for such businesses that did not violate the restrictions and limitations added by that Chapter; and

WHEREAS, after the enactment of Chapter 7.126, County staff identified a sharp rise in illegal cannabis cultivation sites that constitute a public nuisance by degrading the environment, improperly diverting natural resources, creating fire danger, and negatively impacting the quality of life for residents of Santa Cruz County; and

WHEREAS, on April 14, 2015, the Board of Supervisors adopted Ordinance No. 5201, which repealed existing Chapter 7.126 and adopted a new Chapter 7.126 prohibiting the commercial cultivation of cannabis in Santa Cruz County; and

WHEREAS, on June 17, 2015, the Santa Cruz County Clerk of Elections notified the Board of Supervisors that a County Referendum Against County Ordinance No. 5201 contained a sufficient number of qualified signatures to require further action on the part of the Board of Supervisors; and

WHEREAS, on August 18, 2015, the Board of Supervisors repealed Ordinance No. 5201, which had the effect of leaving the prior version of Chapter 7.126 in place; and

WHEREAS, on or about September 11, 2015, the California Legislature approved Assembly Bill 266, Assembly Bill 243, and Senate Bill 643, together constituting the “Medical Marijuana Regulation and Safety Act” (hereinafter “MMRSA”); and

WHEREAS, on or about October 9, 2015, the Governor signed the MMRSA into law; and;

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

WHEREAS, (1) cultivation of any amount of cannabis at locations within six hundred feet of a school or public park creates unique risks that the cannabis plants may be observed by juveniles, and therefore be especially vulnerable to theft or recreational consumption by juveniles; (2) the potential for criminal activities associated with cannabis cultivation in such locations or premises poses heightened risks that juveniles will be involved or endangered; and (3) cultivation of any amount of cannabis in such locations or premises is especially hazardous to public safety and welfare, and to the protection of children and the person(s) cultivating the cannabis plants; and

WHEREAS, as recognized by the Attorney General's August 2008 Guidelines for the Security and Non-Diversion of cannabis grown for medical use, the cultivation or other concentration of cannabis in any location or premises without adequate security increases the risk that surrounding homes or businesses may be negatively impacted by nuisance activity such as loitering or crime; and

WHEREAS, (1) the limited right of qualified patients and their primary caregivers under state law to cultivate cannabis plants for medical purposes does not confer the right to create or maintain a public nuisance; and (2) by adopting the regulations contained in this ordinance, Santa Cruz County will achieve a significant reduction in the aforementioned harms caused or threatened by the unregulated cultivation and dispensing of cannabis in the unincorporated area of the County; and

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

cannabis that may be cultivated in any location or premises, in order to protect the public health, safety, and welfare in Santa Cruz County; and

WHEREAS, the Board of Supervisors has identified as its major policy goals concerning the cultivation of medical cannabis to be 1) an adequate supply of medical cannabis for local qualified patients; 2) protection of the environment; and 3) protection of neighborhood quality; and

WHEREAS, (1) nothing in this ordinance shall be construed to allow the cultivation of cannabis for non-medical purposes, or allow any activity relating to the cultivation, distribution, or consumption of cannabis that is otherwise illegal under State or federal law; and (2) no provision of the Chapter created by this ordinance shall be deemed a defense or immunity to any action brought against any person by Santa Cruz County, the Santa Cruz County District Attorney, the Attorney General of the State of California, or the United States of America.

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

SECTION I

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

SECTION II

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

Chapter 7.128 Medical Cannabis Cultivation Licenses

Sections:

- 7.128.010 Purpose.**
- 7.128.030 Definitions.**
- 7.128.050 Prohibited activities.**
- 7.128.070 Creation of the Medical Cannabis Cultivation Licensing Program.**
- 7.128.090 License categories.**
- 7.128.110 License required.**
- 7.128.130 Enforcement.**
- 7.128.150 No duty to enforce.**

7.128.010 Purpose.

The purpose of this Chapter is to provide a licensing scheme to regulate the cultivation of medical cannabis 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 cannabis activities including, but not limited to, demands placed on law enforcement and administrative

resources; neighborhood disruption; the exposure of children to cannabis; recreational drug sales to minors and adults; fraud in issuing, obtaining, or using medical cannabis recommendations; robberies; burglaries; assaults; drug trafficking and other violent crimes; and the damage to the natural environment resulting from destructive cannabis cultivation activity.

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.

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 or entity submitting an application for a commercial cultivation license under this Chapter on behalf of the owner or owners of the cannabis cultivation facility seeking to be licensed.
- (B) “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.
- (C) “Cannabis” means all parts of the plant *Cannabis sativa* Linnaeus, *Cannabis indica*, or *Cannabis ruderalis*, as defined under the California Medical Marijuana Regulation and Safety Act at Health and Safety Code section 19300.5(f), as may be amended.
- (D) “Canopy” means the net vegetative growth area of the combined diameters of individual plants. For purposes of this definition, diameter is measured by plotting a straight line from side to side through the widest part of a plant.
- (E) “Coastal Zone” means that portion of the Coastal Zone, as established by the Coastal Act of 1976 and as it may subsequently be amended, which lies within the unincorporated area of Santa Cruz County.
- (F) “Cultivation” means any activity involving the planting, growing, harvesting, drying, curing, grading, or trimming of cannabis.
- (G) “Cultivation site” means a location where cannabis is planted, grown, harvested, dried, cured, graded, or trimmed. A licensed cultivation site may be located on more than one parcel as long as the parcels are adjacent and commonly owned.
- (H) “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.
- (I) “Growing Area” means a specific area on a cultivation site where cannabis is grown.

(J) “Hazardous materials” means any substance that is “flammable, reactive, corrosive or toxic,” as further defined in California Health and Safety Code Sections 25501 and 25503.5, as may be amended.

(K) “Indoor” or “indoors,” means any area that is contained within a fully enclosed and secured permanent structure that contains fixed exterior walls and a roof, that is not open to or accessible by the public without authorization by the licensee. Structures of a temporary or non-secure nature, including but not limited to moveable greenhouses, tents, and hoop houses, are not considered “indoor” or “indoors” for purposes of this definition.

(L) “License” means the written evidence of permission given by the Licensing Official for a licensee to cultivate cannabis. “License” does not mean “permit” within the meaning of the Permit Streamlining Act, and a license does not constitute a land use permit that runs with the land on which cultivation takes place.

(M) “Licensee” means the person or entity holding a valid license to cultivate cannabis under this Chapter.

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

(O) “MCCL Program” means the Medical Cannabis Cultivation Licensing Program created by this Chapter.

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

(Q) “Owner” or “owners” means all persons or entities holding a financial interest in a cannabis cultivation facility. For purposes of this definition, the term “financial interest” does not include a security interest, lien, or encumbrance on property.

(1) If the owner is an entity, “owner” includes within the entity each person participating in the direction, control, or management of the facility.

(2) If the owner is a publicly traded company, “owner” means the chief executive officer in addition to anyone holding a financial interest in the facility.

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

(S) “Park” means any playground, hiking or riding trail, recreational area, beach, community center or building, historic structure or facility, owned, managed or controlled by any public entity.

(T) “Qualified Patient Cultivation Site” or “QPCS” means:

(1) A cultivation site operated by a qualified patient, person with an identification card, or designated primary caregiver, solely for the patient’s non-commercial personal use, on a single parcel that includes the residence of the patient or caregiver, and subject to the following restrictions:

(a) The amount of cannabis grown must not exceed one hundred (100) square feet of total garden canopy;

(b) Any cannabis cultivated within that geographic area defined by SCCC 2.04.030 must be grown indoors;

(c) Cultivation must not be visible from any adjacent public right-of-way;

(d) If cultivation takes place indoors, (i) lighting must not exceed 1,200 watts without a written certification from a licensed electrician that the cultivation site has all necessary electrical permits required by the California Building Codes to ensure that the level and manner of electricity use is safe; (ii) there must be no flammable products such as butane used for cultivation or processing purposes; and (iii) there must be no exterior evidence of cultivation; and

(e) None of the cannabis that is cultivated at the QPCS is sold to, donated to, transferred to, or used by any person other than the qualified patient or person with an identification card for whom the medical cannabis is cultivated.

(2) 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), 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.

(U) “Residence” means a fully enclosed structure or structures, including any garage or ancillary structure, used as a dwelling unit.

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

(W) "Structure" means any secure building constructed or erected, supported directly or indirectly on the earth, the interior of which is protected from the elements and meant to be occupied by people or property. “Structure” does not include a greenhouse, tent, hoop house, vehicle, carport, or other facilities of a temporary or moveable nature.

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

7.128.050 Prohibited activities.

Other than as specifically allowed under this Chapter, it is unlawful and shall constitute a public nuisance for anyone to cultivate cannabis.

(A) It is unlawful and shall constitute a public nuisance for any person to cultivate cannabis for commercial purposes (i.e., for purposes of sale, trade, or gain) without 1) a currently valid local license required by this Chapter; and 2) a currently valid State license required under California law, once such licenses are being issued.

(B) It is unlawful and shall constitute a public nuisance for any person to cultivate cannabis for non-commercial purposes (i.e., for personal use) unless the cultivation complies with the definition of a Qualified Patient Cultivation Site as set forth in SCCC Section 7.128.030(T).

(C) 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 the cultivation of cannabis in violation of this Chapter.

7.128.070 Creation of the Medical Cannabis Cultivation Licensing Program.

(A) There is hereby created the Medical Cannabis Cultivation Licensing Program. The MCCL 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 MCCL 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 and denying license applications;
- (4) Issuing and revoking licenses;
- (5) Creating a system on the County's website to communicate the number of licenses issued and notifying the public as to whether applications for such licenses are being accepted;
- (6) Designing a system to facilitate access to medical cannabis for very low and low income residents;
- (7) Establishing administrative policies, procedures, rules, regulations, or fees necessary to implement the MCCL Program consistent with this Chapter; and
- (8) Working with other officials in the County to ensure that licensees comply with all aspects of the County Code.

7.128.090 License categories.

In order to cultivate cannabis for commercial purposes in the County, cultivators must have both a State license and a local license (for State license categories, *see* Health and Safety Code sections 19300.7 *et seq.*).

The following categories of local licenses are created under this Chapter for the commercial cultivation of cannabis.

- (A) Class CA licenses for cultivation taking place on parcels zoned CA (Commercial Agriculture) per the Santa Cruz County Zoning Ordinance (SCCC section 13.10.311 *et seq.*).
- (B) Class A licenses for cultivation taking place on parcels zoned A (Agriculture) per the Santa Cruz County Zoning Ordinance.
- (C) Class RA licenses for cultivation taking place on parcels zoned RA (Residential Agriculture) per the Santa Cruz County Zoning Ordinance.
- (D) Class C-4 licenses for cultivation taking place on parcels zoned C-4 (Commercial Services) per the Santa Cruz County Zoning Ordinance.
- (E) Class M licenses for cultivation taking place on parcels zoned M-1 (Small Light Industrial), M-2 (Light Industrial), or M-3 (Mining, Agriculture, etc.) per the Santa Cruz County Zoning Ordinance.
- (F) Class TP licenses for cultivation taking place on parcels zoned TP (Timber Production) per the Santa Cruz County Zoning Ordinance.
- (G) Class SU licenses for cultivation taking place on parcels zoned SU (Special Use) per the Santa Cruz County Zoning Ordinance.

7.128.110 License required.

(A) Registration.

(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 (including the completion of a registration form) and 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 is voluntary for those persons or entities with a documented history of over 3 years of commercial farming or agricultural production unrelated to cannabis production in the CA zone district.

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

(2) A registration form shall not be accepted by the Licensing Official without payment of a registration fee to be set by the Licensing Official and approved by the Board of Supervisors.

(B) 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 owner(s);
- (ii) The exact location of the cultivation site by street address and Assessor Parcel Number(s);
- (iii) A map containing the location of the growing area on the cultivation site (cultivation should take place in a single growing area where total garden canopy may be easily measured, or as few areas as reasonably possible, not spread throughout the cultivation site);
- (iv) Previous law enforcement activity at the cultivation site related to the cultivation of cannabis;
- (v) 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, or the enforcement of the conditions of the license;
- (vi) Background information to be determined by the Licensing Official, including but not limited to a statement that the applicant and owners have submitted to a Live Scan background check no earlier than thirty days prior to the date the application is submitted;
- (vii) Tax identification information;
- (viii) Security plans;
- (ix) Information regarding required land use permits; and
- (x) Such other information as the Licensing Official deems reasonably necessary to a thorough review of the application.

(2) Payment Of The Application Fee.

An application for an original license hereunder shall not be accepted unless it is accompanied by the payment of a non-refundable application fee set by the Licensing Official and approved by the Board of Supervisors. The purpose of any and all fees assessed under this Chapter is to pay for the costs of the MCCL Program.

(3) Review Of The Application.

(a) Upon receipt of an application for an original license, the Licensing Official will first determine whether the applicant has participated in the County's registration process, as set forth in section 7.128.110(A). If the applicant did not participate in the registration process, the application shall be rejected.

(b) If the Licensing Official determines that the applicant participated in the registration process, the Licensing Official shall create a Licensing File related to the application, and shall inspect the cultivation site to determine whether it meets the requirements of the MCCL Program. 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.

(c) As part of the inspection outlined above, the Licensing Official shall take photos of the growing area and keep a copy of those photos with the Licensing File for enforcement purposes.

(4) 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 or denied. If the license is denied, any further non-licensed commercial cannabis cultivation may only be carried out in accordance with the limitations set forth in section 7.128.110(I)(2).

(b) The Licensing Official is authorized to impose conditions on the license at the time it is granted in order to ensure the cultivation will meet the intent and requirements of this Chapter.

(5) Payment Of The License Fee.

An original license shall not be granted to an applicant under this Chapter until the applicant has paid a non-refundable original license fee as set by the Licensing Official and approved by the Board of Supervisors.

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

(a) The original license shall be valid for one year from the date of issuance. If a licensee wishes to continue cultivating cannabis after expiration of the original license, the licensee must obtain a renewal license, as set forth below in section 7.128.110(C).

(C) Renewal License.

(1) Requirement To Obtain A Renewal License.

In order to continue cultivating cannabis after the original licenses expires, a licensee must obtain a renewal license. A renewal license must be obtained annually via an application form designated for that purpose.

(2) Submission Of The Renewal License Application.

(a) An application for a renewal license 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 information required for the submission of an original license under Section 7.128.110(B);

(ii) 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 growing area on the cultivation site;

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

(iv) A representation that the applicant continues to hold in good standing any license required by the State of California for the cultivation of medical cannabis;

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

(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.

(3) Payment Of The Renewal License Application Fee.

(a) An application for a renewal license shall be accompanied by the payment of a non-refundable renewal license application fee set by the Licensing Official and approved by the Board of Supervisors.

(b) A mandatory inspection of the cultivation site due to a proposed change in the location of the growing area shall require payment of an additional fee as set by the Licensing Official and approved by the Board of Supervisors.

///

(4) 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 or deny the renewal license. The investigation may include a physical inspection of the cultivation site, at the discretion of the Licensing Official, to determine whether the licensee remains in compliance with the regulations of the MCCL Program.

(b) If the renewal license application proposes a change in the location of the growing area, the Licensing Official shall conduct an actual inspection of the proposed growing area to ensure that the licensee will remain compliant with the regulations of the MCCL Program if it is granted a renewal license. As part of this mandatory inspection, the Licensing Official shall take photos of the specific location of the proposed new growing area and keep a copy of those photos with the Licensing File for enforcement purposes.

(5) Grant Or Denial Of The Renewal License.

(a) After concluding the required renewal license investigation, the Licensing Official shall notify the applicant in writing of whether the renewal license has been granted or denied.

(b) The Licensing Official is authorized to impose conditions on the renewal license at the time it is granted in order to ensure the cultivation will meet the requirements of this Chapter.

(6) Payment Of The Renewal License Fee.

A renewal license shall not be granted to the applicant under this Chapter until the applicant has paid a non-refundable renewal license fee as set by the Licensing Official and approved by the Board of Supervisors.

(7) Length Of Time The Renewal License Is Valid.

The renewal license shall be valid for one year, beginning on the date of issuance. If a licensee wishes to continue cultivating cannabis after expiration of the renewal license, it must obtain a new renewal license per the terms of this section.

(D) Amending A License.

(1) 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.

(2) Applicants seeking an amended license must include with their application a monetary deposit, to be determined by the Licensing Official or his or her designee, based on an estimate of the hours the Licensing Official will need to review the application and perform any

necessary inspections. Additional deposits or payments shall be made as determined necessary by the Licensing Official in order to recover costs associated with processing the application.

(E) 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) A warning that operators, employees, and members of facilities where cannabis is cultivated may be subject to prosecution under federal laws;

(2) An acknowledgment that, by accepting the license and cultivating cannabis for commercial purposes, the Licensee 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, or the revocation of the license; and

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

(F) Rules And Restrictions Specific To License Types.

(1) Class CA Licenses.

(a) The minimum parcel size for a Class CA License is one acre.

(b) Size of canopy allowed, subject to approval of the Licensing Official: up to 2 percent of the size of the parcel containing the cultivation site, not to exceed twenty-two thousand (22,000) square feet.

(c) In the geographic area designated as the Coastal Zone, and within one mile beyond the Coastal Zone, cultivation with a Class CA License may only take place outdoors, or in existing indoor spaces (applicants may not construct new structures, including but not limited to greenhouses, in order to cultivate cannabis in this area).

(2) Class A Licenses.

(a) The minimum parcel size for a Class A License is ten acres.

(b) Size of canopy allowed, subject to approval of the Licensing Official: up to 1.5 percent of the size of the parcel containing the cultivation site, not to exceed ten thousand (10,000) square feet.

(c) In the geographic area designated as the Coastal Zone, and within one mile beyond the Coastal Zone, cultivation with a Class A License may only take place outdoors, or in existing indoor spaces (applicants may not construct new structures, including but not limited to greenhouses, in order to cultivate cannabis in this area).

///

(3) Class RA Licenses.

(a) The minimum parcel size for a Class RA License is five acres.

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

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

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

(4) Class C-4 Licenses.

(a) Cannabis may only be cultivated indoors with a Class C-4 License.

(b) Size of canopy allowed, subject to approval of the Licensing Official: not to exceed twenty-two thousand (22,000) square feet.

(5) Class M Licenses.

(a) Cannabis may only be cultivated indoors with a Class M License.

(i) Exception: On parcels zoned M-3 with a Q (Quarry) General Plan Overlay designation, where quarry operations have ceased, outdoor cultivation may be considered for licensure in conjunction with the adoption or amendment of a reclamation plan.

(b) Size of canopy allowed, subject to approval of the Licensing Official: not to exceed twenty-two thousand (22,000) square feet.

(6) Class TP Licenses.

(a) The minimum parcel size for a Class TP License is five acres.

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

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

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

///

(7) Class SU Licenses.

- (a) The minimum parcel size for a Class SU License is five acres.
- (b) Size of canopy allowed, subject to approval of the Licensing Official:

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

- (ii) Up to 1.25 percent of the size of the parcel containing the cultivation site, not to exceed ten thousand (10,000) square feet on parcels greater than ten acres in size.

(G) Additional Rules And Restrictions Applicable To All Licensees.

(1) General Eligibility And Restrictions.

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

- (b) All licenses issued under this Chapter must be consistent with the County's policies, objectives, laws, regulations, and programs related to land use, including those related to the County's General Plan and Local Coastal Program. In utilizing discretion in the issuance of licenses, the Licensing Official shall use the County's established standards for determining consistency with agricultural uses and neighborhood compatibility.

- (c) In issuing a license under this Chapter, the Licensing Official may add conditions to the license to ensure compliance with environmental regulations related to slope, grading, and similar requirements set forth in County Code Chapter 16, as well as the Forest Practices Act and any other controlling State or local law.

- (d) In issuing a license under this Chapter, the Licensing Official may place restrictions on canopy size to maintain consistency with other laws, agricultural uses, and neighborhood compatibility.

- (e) With the exception of Class CA, C-4, and M Licenses, 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.

- (f) 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.

(g) No license may be issued to a person who has failed the background investigation required by the Licensing Official, including but not limited to those individuals who have a disqualifying felony criminal record. Felonies over ten years old and felonies related to cannabis occurring prior to January 2013 that did not involve sales to a minor shall not alone result in failure of a background investigation.

(h) No license may be issued to cultivate cannabis in solely residential zoned districts, including home-based cultivation for commercial purposes.

(2) Geographical Restrictions.

(a) With the exception of Class CA, A, C-4 and M Licenses, no license may be issued to cultivate cannabis in the geographic area designated as the Coastal Zone, and within one mile beyond the Coastal Zone.

(b) With the exception of Class C-4 and M Licenses, and Class CA and A Licenses issued in the geographic area designated as the Coastal Zone, and within one mile beyond the Coastal Zone, no license may be issued for parcels located within that geographic area included within the Urban Services Line or the Rural Services Line.

(c) Within that geographic area defined by section 2.04.030 of the Santa Cruz County Code, a licensee may only cultivate cannabis indoors, and only on a parcel which is at least five acres in size.

(3) Setbacks.

(a) Cannabis shall not be cultivated within six hundred (600) feet of (1) a municipal boundary; (2) a school; (3) a library; (4) an alcohol or drug treatment facility; or (5) any park other than a State Park located within the urban area defined by the Urban Services Line.

(b) Cannabis shall not be cultivated within two hundred (200) feet of any habitable structure on a neighboring parcel. No exception shall be granted allowing a setback of less than one hundred (100) feet of a habitable structure on a neighboring parcel.

(c) Cannabis shall not be cultivated within three hundred (300) feet of a State Park located within the urban area defined by the Urban Services Line.

(d) On parcels ranging in size from one to five acres, cannabis shall not be cultivated within one hundred (100) feet of a public right-of-way.

(e) On parcels ranging in size from five to ten acres, cannabis shall not be cultivated within two hundred (200) feet of a public right-of-way.

(f) On parcels over ten acres in size, cannabis shall not be cultivated within three hundred (300) feet of a public right-of-way.

(g) Cannabis shall not be cultivated within one hundred (100) of a perennial stream.

(h) Cannabis shall not be cultivated within fifty (50) feet of an intermittent stream or in violation of SCCC sections 16.30 (riparian corridor and wetlands protection) or 16.32 (sensitive habitats), whichever is most restrictive.

(i) Cannabis shall not be cultivated within fifty (50 feet) of an ephemeral stream or in violation of SCCC Sections 16.30 (riparian corridor and wetlands protection) or 16.32 (sensitive habitats), whichever is most restrictive.

(j) Cannabis shall not be cultivated within 100 feet of the high water mark of a lake, estuary, lagoon, or natural body of standing water.

(k) The distance specified in this sub-section for municipal boundaries, schools, 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.

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

(m) Exceptions. With respect to all setbacks other than the 600 foot setback imposed by State law regarding schools, the Licensing Official has discretion to allow for exceptions to the rules set forth herein for setbacks. If the Licensing Official is prepared to authorize such an exception, the Licensing Official must first require owners and occupants of all parcels within at least 300 feet of the parcel at issue to be notified and given an opportunity to be heard in a public forum before making a decision.

(4) Neighborhood And Land Use Compatibility Restrictions.

(a) No license to cultivate may be issued if the Licensing Official determines there is substantial evidence that issuance of the license may cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, which has not been previously considered by appropriate environmental review.

(b) No license to cultivate may be issued until the applicant has obtained whatever permits are required under the Santa Cruz County Code (development, building, grading, etc.), for the type of land use authorized under the license (including rules specific to location and public notice).

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

- (d) Cannabis shall not be cultivated within a residence.
 - (e) Cannabis cultivation shall not be visible from any adjacent public right-of-way.
 - (f) No lighting for cultivation purposes, except that necessary for security, shall be visible at cultivation sites from sunset to sunrise.
 - (g) Cannabis shall not be cultivated without written consent from the owner of the parcel where cultivation will take place, if the applicant is not the owner of the parcel.
 - (h) No on-site advertising is allowed at cultivation sites, other than one business identification sign that complies with all existing rules and restrictions regarding signs.
 - (i) Occupied residences located on parcels with cultivation sites must comply with all appropriate County ordinances, including but not limited to use of water, power, septic, and fire suppression.
 - (j) Outside of an emergency, generators may not be used as a power source for cultivation purposes.
 - (k) Direct sales to the public from cultivation sites are prohibited, unless otherwise authorized as part of a licensed dispensary.
 - (l) If cannabis cultivation occurs outdoors, the growing area must be fully secured and enclosed within an opaque fence at least six feet in height, and include a locked gate to prevent unauthorized entry.
 - (m) Licensees must utilize energy efficient cultivation methods.
 - (n) The applicant shall ensure that impacts on sensitive species and habitat are minimized.
- (5) Indoor Cultivation Sites.
- (a) Cannabis shall not be cultivated indoors unless the facility has a commercial air scrubbing or filtration system sufficient to prevent the odors associated with cannabis production from escaping the structure where cannabis is cultivated.
 - (b) No license may be issued to cultivate cannabis indoors unless all land use and building code requirements are met. Moreover, the applicant shall provide written certification from a licensed electrician that the cultivation location has all necessary electrical permits required by the California Building Codes to ensure that the growing operations can be carried out safely.
 - (c) No license may be issued to cultivate cannabis indoors where plants or lights are visible from a public right-of-way, an adjacent private right-of-way with public access, or a habitable structure.

(6) Water Restrictions.

(a) All water used for cultivation purposes must be obtained from an approved on-site source (except for water used in the case of emergencies).

(b) No license may be issued to cultivate cannabis 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. Water extraction equipment includes, but is not limited to, wells, pumps, pipes, or any other instrumentality or machinery designed to move water.

(c) No license may be issued to cultivate cannabis where the cultivation relies on the diversion of surface water, unless the applicant provides proof of valid rights to the water being diverted; however, proof of valid rights to diverted water does not guarantee issuance of a license.

(d) No license may be issued to cultivate cannabis unless the cultivation site has appropriate water storage or access to water for fire-fighting purposes, as well as appropriate emergency road access for fire-fighting purposes.

(7) Miscellaneous Restrictions.

(a) No license may be issued to cultivate cannabis if the cultivation site would be in violation of any administrative rule or regulation promulgated by the Licensing Official.

(b) Cannabis shall not be cultivated in violation of County Code section 7.31.030 (prohibition on cultivation of genetically engineered crops).

(c) Employees at cultivation sites must be at least 18 years of age. Employees between the ages of 18-21 must receive specialized training and education to be determined by the Licensing Official.

(d) Licensees must comply with all requirements of the California Medical Marijuana Regulation and Safety Act, as may be amended.

(e) Licensees must comply with all applicable requirements of County, State, and Federal laws and regulations, including environmental and water regulations related to storm water management and fertilizer, pesticide, herbicide, and rodenticide storage and use at the cultivation site.

(f) Licensees must comply with all applicable requirements of County, State, and federal regulations pertaining to worker safety and storage and use of hazardous materials.

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

(i) Licensees are required to maintain an adequate security plan approved by the Licensing Official, which is intended to protect crops from unauthorized diversion and to protect the health, safety, and welfare of cultivation workers and the general public.

(j) Licensees are required to post and maintain at the cultivation site in a prominent location a copy of the local license issued pursuant to this section and a copy of any State license required to cultivate medical cannabis.

(H) Grounds For License Revocation.

(1) Grounds for revocation of a license include, but are not limited to:

(a) Failure to conduct cultivation operations in a manner that ensures the security of the crop and safeguards against diversion for nonmedical purposes.

(b) Allowance of any person younger than 18 years of age to enter the cultivation site without a parent or legal guardian.

(c) Violation of any requirement of the Santa Cruz County Code, including Title 16, Environmental and Resource Protection, and those applicable provisions of Title 7, Health and Safety, relating to water used in the commercial cultivation of cannabis including, but not limited to, Chapter 7.69, Water Conservation, Chapter 7.70, Water Wells, Chapter 7.71, Water Systems, and Chapter 7.73, Individual Water Wells, or any State law containing similar requirements.

(d) Use of a generator for non-emergency purposes or illegal hazardous materials for cultivation of cannabis.

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

(f) Failure to allow unannounced inspections of the premises by the Licensing Official or law enforcement at any time, without notice.

(g) Failure to timely pay any local, State, or federal tax associated with or required by the cultivation of cannabis.

(h) Violation of any provision of the California Medical Marijuana Regulation and Safety Act.

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

(j) Possession, storage, or use of any firearm on the parcel where cultivation takes place.

(k) Violation of, or failure to comply with, any of the rules or restrictions relating to licensure promulgated by the County and the Licensing Official.

(l) Creation or maintenance of a public nuisance.

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

(I) Denial Or Revocation of License; Remedies.

(1) 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:

(a) Discovery of untrue statements submitted on a license application.

(b) Revocation or suspension of any State license required to cultivate cannabis.

(c) 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, including any permit conditions associated with the cultivation of cannabis.

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

(2) The Licensing Official's denial of a license application 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.

(a) 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 following exception:

(i) If the applicant or operator (1) is currently cultivating commercial cannabis under an issued license and; 2) files a petition with the superior court challenging the Licensing Official's denial or revocation decision within 10 days of the date the decision is issued and; 3) within 10 days thereafter obtains from the Superior Court an order authorizing continued cultivation of commercial cannabis for up to 30 days from the date that the Licensing Official's decision was issued, then the applicant or operator may continue to cultivate medical cannabis for up to 30 days. Any commercial cannabis cultivation that occurs on the parcel after the 30 days has elapsed may only be conducted with a valid local license.

(ii) The purpose of this exception is to allow those appealing the Licensing Official's denial or revocation decision to, with Court permission, complete the

harvesting cycle for any existing growing plants that are close to harvest. Under no circumstances does this exception authorize the applicant to start cultivating new cannabis plants during the 30 day period discussed above.

(3) 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 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 cannabis cultivation facility waive any and all claims for monetary damages against the County, the Licensing Official, and all other officials of the County of Santa Cruz that may be associated with the denial or revocation of a license.

7.128.130 Enforcement.

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

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

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

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

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

(C) Whenever the Licensing Official determines that a public nuisance as defined in this Chapter exists at any parcel within the unincorporated area of Santa Cruz County, he or she is authorized to issue a Notice of Violation pursuant to section 1.12.070 of this Code, except that the violator shall be provided with seven (7) calendar days from notice of the violation to correct the violation before the imposition of civil penalties under section 1.12.070(D)(2)(a) of this Code.

7.128.150. No duty to enforce.

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

SECTION II

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

PASSED AND ADOPTED this __ day of _____ 2016, by the Board of Supervisors of the County of Santa Cruz by the following vote:

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

Chairperson of the
Board of Supervisors

Attest: _____
Clerk of the Board

APPROVED AS TO FORM:

Office of the County Counsel

cc: County Administrative Office
Planning Director
Sheriff's Office

**ORDINANCE ADDING CHAPTER 7.132 TO THE SANTA CRUZ COUNTY CODE
REGARDING LICENSES FOR COMMERCIAL CANNABIS MANUFACTURE
FACILITIES**

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

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

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

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

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

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

WHEREAS, (1) it is the purpose and intent of this ordinance to implement State law by providing a means for regulating manufacturers of cannabis products in a manner that is consistent with State law and which promotes the health, safety, and welfare of the residents and businesses within the unincorporated territory of Santa Cruz County; (2) the intent and purpose of this ordinance is to establish reasonable regulations upon the manner in which cannabis manufacturing facilities operate, including restrictions on their location, in order to protect the public health, safety, and welfare in Santa Cruz County; and (3) additional regulations pertaining to manufacture of cannabis products may be found in SCCC 13.10 Zoning Regulations;

WHEREAS, (1) the Federal Controlled Substances Act, 21 U.S.C. §§ 801 et seq., classifies cannabis as a Schedule I Drug, which is defined as a drug or other substance that has a high potential for abuse, that has no currently accepted medical use in treatment in the United States, and that has not been accepted as safe for use under medical supervision; (2) the Federal Controlled Substances Act makes it unlawful, under federal law, for any person to cultivate, manufacture, distribute or dispense, or possess with intent to manufacture, distribute or dispense, cannabis; and (3) the Federal Controlled Substances Act contains no exemption for the

cultivation, manufacture, distribution, dispensation, or possession of cannabis for medical purposes; and

WHEREAS, nothing in this ordinance should be construed as an encouragement of individuals to violate federal law or engage in activity related to the manufacture of cannabis products, given that such activity constitutes a violation of federal law; and

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

SECTION I

The Santa Cruz County Code is hereby amended by adding new Chapter 7.132 to read as follows:

Chapter 7.132 Cannabis Manufacturing Licensing Program

Sections:

- 7.132.010 Purpose.**
- 7.132.030 Definitions.**
- 7.132.050 Prohibited activities.**
- 7.132.070 Creation of the Cannabis Manufacturing Licensing Program.**
- 7.132.090 License category, application submission dates, and eligibility.**
- 7.132.110 License requirements and restrictions.**
- 7.132.130 Enforcement.**

7.132.010 Purpose.

A. The purpose of this Chapter is to provide local rules to regulate facilities that manufacture products containing cannabis in the unincorporated area of Santa Cruz County, including but not limited to edible products (e.g., beverages and food products), topical products (e.g., lotions, salves, etc.), and cannabis concentrates.

B. It is also the purpose of this Chapter to mitigate the negative impacts and secondary effects associated with cannabis business activities including, but not limited to, demands placed on law enforcement and administrative resources; neighborhood disruption; the exposure of children to cannabis; drug sales to minors and adults; robberies; burglaries; assaults; and other violent crimes.

C. This Chapter is not intended to conflict with State law. It is the intention of the County that this Chapter be interpreted to be compatible with State enactments and in furtherance of the public purposes that those enactments encompass.

7.132.030 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 or entity submitting an application for a license to operate a facility that manufactures products made with cannabis, consistent with the regulations set forth in this Chapter.

(B) “Cannabis” means all parts of the plant *Cannabis sativa* Linnaeus, *Cannabis indica*, or *Cannabis ruderalis*, whether growing or not; the seeds thereof; the resin extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds or resin. It does not include (a) Industrial hemp, as defined in Adult Use Marijuana Act, Section 11018.5; or (b) The weight of any other ingredient combined with marijuana to prepare topical or oral administrations, food, drink, or other product.

(C) “Cannabis manufacture facility” or “facility” means a structure(s) within which raw cannabis is transformed into a cannabis concentrate, a tincture, edible product, drink, topical product, or any other similar products, or where cannabis extract or concentrate is infused into a tincture, edible product, drink, topical product, or any similar product. This includes the production, preparation, propagation, or compounding of cannabis or cannabis products, directly or indirectly, by extraction methods, independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis. The facility also consists of packaging and storage facilities.

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

(E) “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.

(F) “Closed Loop (flammable or non-flammable) 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:

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

(G) “CML Program” means the Cannabis Manufacturing Licensing Program created by this Chapter.

(H) “Cultivation” or “cultivate” means the planting, growing, developing, propagating, harvesting, drying, processing, 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.

(I) “Flammable extraction” means using compressed and uncompressed liquid solvents such as pentane, hexane, butane, propane, ethanol, isopropyl alcohol, and the like to make cannabis

concentrates/oil (closed loop only). Also included in this definition is post-extraction refinement, which is taking previously extracted cannabis concentrates and further refining through processes such as chromatography, to make distillates.

(J) “Infused products” means the use of raw cannabis, or prepared concentrate that is infused into different mediums (e.g. oil, milk, butter, other lipids), to make value added products including: edibles such as baked goods, tinctures, lotions and salves, soaps, vape pens, and the like.

(K) “License” or “cannabis manufacturing license” means the written evidence of permission given by the Licensing Official for a licensee to operate a business or facility that manufactures products containing cannabis. “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 manufacture facility sits.

(J) “Licensee” or “manufacturer” means the person or entity holding a valid license under this Chapter to operate a business or facility that manufactures products containing cannabis, either through an extraction method, chemical synthesis, or by a combination of extraction and chemical synthesis, at a fixed location.

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

(L) “Manufactured cannabis” shall mean production, preparation, propagation, or compounding of manufactured cannabis products either directly or indirectly, or by extraction methods, independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis, at a fixed location that stores and packages or repackages cannabis.

(M) “Non-flammable extraction” means the manufacture of cannabis products using cold water, heat press, lipid (butter, milk, oil) or other non-chemical extraction method to make bubble hash, kief, rosin, cannabis-infused lipid, etc. Also included in this definition is supercritical fluid CO₂ extraction to make cannabis concentrates/oils (closed loop only).

(N) “Parcel” means that unit of land assigned a unique Assessor’s Parcel Number by the County Assessor, whether vacant or occupied by a building or group of buildings, and includes the buildings, structures, yards, open spaces, lot width, and lot area.

(O) “Park” means any playground, hiking or riding trail, recreational area, beach, community center or building, historic structure or facility, owned, managed or controlled by any public entity.

(P) “Owner” or “owners” means all persons or entities holding a financial interest in a cannabis manufacturing facility. For purposes of this definition, the term “financial interest” does not include a security interest, lien, or encumbrance on property.

(1) If the owner is an entity, “owner” includes within the entity each person participating in the direction, control, or management of the manufacture facility, including but not limited to a corporate officer or a member of the board of directors.

(2) If the owner is a publicly traded company, “owner” means the chief executive officer in addition to anyone holding a financial interest in the manufacture facility.

(Q) “School” means any licensed preschool or any public or private school providing instruction in kindergarten or grades 1 to 12, inclusive, but does not include any private school in which education is primarily conducted in private homes.

7.132.050 Prohibited activities.

(A) It is unlawful and shall constitute a public nuisance for anyone to manufacture products containing cannabis without 1) a valid local license required by this Chapter; 2) approved and valid development and building permits as may be required by the Santa Cruz County Code; and 3) a valid State license required under California law (as soon as State licenses become available for issuance commencing in 2018).

(B) The prohibition in subsection (A) of this section includes renting, leasing, or otherwise permitting a manufacturing facility to occupy or use a location.

7.132.070 Creation of the Cannabis Manufacturing Licensing Program.

(A) There is hereby created the Cannabis Manufacturing Licensing (CML) Program. The CML Program is a local regulatory program and shall be operated by the Licensing Official. The Licensing Official shall be appointed by the County Administrative Officer and shall report directly to the County Administrative Officer.

(B) The Licensing Official shall take the necessary steps to build and manage the CML Program. This includes, but is not limited to, accomplishing the following tasks in compliance with the rules set forth in this Chapter:

- (1) Creating application forms for licensees;
- (2) Conducting pre-licensure inspections;
- (3) Approving and denying license applications;
- (4) Issuing and revoking licenses;
- (5) Creating a system on the County’s website to communicate the number of licenses issued and notifying the public as to whether applications for licenses are being accepted;
- (6) Establishing and/or recommending the adoption of any policies, procedures, rules, regulations, or fees necessary to implement the CML Program; and
- (7) Working with other officials in the County to ensure that licensees comply with all aspects of the County Code, including but not limited to any necessary discretionary development permits under SCCC 13.10 Zoning Regulations, environmental regulations under SCCC Title 16, and building regulations under SCCC Title 12.

7.132.090 License category.

(A) The license created under this Chapter is the Cannabis Manufacturing License to be administered by the Cannabis Licensing Official consistent with these regulations.

(B) Submission of an application for a Cannabis Manufacturing License does not guarantee issuance of a license.

7.132.110 License application requirements and restrictions.

(A) Original License.

(1) Submission of the Application.

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:

(a) The names of the applicant(s) and property owner(s);

(b) The exact location by street address and Assessor Parcel Number where cannabis products will be manufactured;

(c) The applicants' and owners' notarized 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;

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

(e) Tax identification information;

(f) Security plans; and

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

(2) Payment of the Application Fee.

An application for a license hereunder shall not be accepted unless it is accompanied by the payment of a non-refundable application fee set by the Licensing Official and approved by the Board of Supervisors. The purpose of any and all fees assessed under this Chapter is to pay for the costs of the CML Program.

(3) Review of the Application.

(a) Upon receipt of an application for an original license, the Licensing Official and/or designee will create a Licensing File related to the application, will evaluate the application for consistency with this Chapter and other applicable County, State and Federal regulations, and will conduct a physical inspection of the proposed cannabis manufacturing facility to determine whether it meets the requirements of the CML Program. The Licensing Official shall be the custodian of the Licensing File. The Licensing File is subject to the California Public Records Act.

(b) Meeting the requirements of the CML Program does not automatically entitle an applicant to receive a license.

(4) Grant or Denial of the License.

After concluding the required pre-license investigation, the Licensing Official shall notify the applicant in writing whether the license has been granted or denied including any applicable explanation.

(5) Payment of the License Fee.

An original license shall not be granted to an applicant under this Chapter until the applicant has paid a non-refundable original license fee as set by the Licensing Official and approved by the Board of Supervisors.

(6) Length of Time the Original License is Valid.

An original Cannabis Manufacturing License shall be valid for one year from the date it is issued. If a licensee wishes to continue operating a cannabis manufacturing facility beyond the license expiration date, a renewal license must be obtained, as set forth below in section 7.132.110(B).

(B) Renewal License.

(1) Requirement to Obtain a Renewal License.

In order to continue operating a cannabis manufacturing facility, before expiration of the original license, a licensee must obtain a renewal license. A renewal license must be obtained annually via application forms 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 manufacturing cannabis.

(a) If discretionary land use permits are required in addition to the license, renewals may be subject to different renewal dates and limitations as determined by the Licensing Official.

(2) Submission of the Renewal License Application.

(a) An application for a renewal license 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 information required for the submission of an original license under Section 7.132.110(A)

(ii) Identification of any changes to the information the applicant submitted on the original license application;

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

(iv) A representation that the applicant continues to hold in good standing any license required by the State of California for cannabis manufacturing operations;

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

(b) Renewal license applications will be accepted starting in the year 2019. Applications for a renewal license shall be submitted at least 3 months in advance, in order to allow the Licensing Official to timely investigate the renewal license applications submitted for that calendar year. No untimely renewal license applications will be accepted.

(3) Payment of the Renewal License Application Fee.

An application for a renewal license shall be accompanied by the payment of a non-refundable renewal license application fee set by the License Official as established by the Board of Supervisors.

(4) Review of the Renewal License Application.

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 or deny the renewal license. The investigation may include, but not be limited to, a physical inspection of the cannabis manufacturing facility, at the discretion of the Licensing Official, to determine whether the licensee remains in compliance with the regulations of the CML Program.

(5) Grant or Denial of the Renewal License.

On or before December 31st of the year in which the renewal application is submitted, and after concluding the required renewal license investigation, the Licensing Official shall notify the applicant in writing of whether the renewal license has been granted or denied, and as necessary provide rationale for decisions made. If an application for a renewal license is denied, all manufacturing operations must cease when the original or renewal license expires.

(6) Payment of the Renewal License Fee.

A renewal license shall not be granted to the applicant under this Chapter until the applicant has paid a non-refundable renewal license fee as set by the Licensing Official and approved by the Board of Supervisors.

(7) Length Of Time The Renewal License Is Valid.

The renewal license shall be valid for one calendar year. If a licensee wishes to continue operating a cannabis manufacturing facility after license expiration, a new renewal license must be obtained per the terms of this section.

(C) Amending a License.

(1) Licensees may submit an application to amend an existing license at any time, 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.

(2) If cannabis manufacture operations exceed use permit and/or license permissions, licensee must request a license amendment, as set forth below in section 7.132.110(C). Further, if applicable, Cannabis Manufacture Home Occupation permit or discretionary land use permit associated with cannabis manufacture must be amended and approved. Amendments must be approved in advance of changes or exceedances of permitted activity under the license.

(2) Applicants seeking an amended license must include with an application a monetary deposit, to be determined by the Licensing Official or his or her designee, based on an estimate of the hours the Licensing Official will need to review the application and perform any necessary inspections. Additional deposits or payments shall be made as determined necessary by the Licensing Official in order to recover costs associated with processing the application.

(D) Required Statements on Licenses.

All licenses issued by the Licensing Official shall 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) A warning that operators and employees of cannabis manufacturing facilities may be subject to prosecution under federal laws; and

(2) An acknowledgment that, by accepting the license and operating a cannabis manufacturing facility, the applicant and owners of the licensed facility have 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, or the revocation of the license; and

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

(E) Restrictions Relating to the Issuance Of a License.

(1) No license may be issued to operate a cannabis manufacturing facility unless the facility is located in a zone district designated as RA (Residential Agricultural), RR (Rural Residential), R-1 (Single Family Residential), RB (Single Family Ocean Beach Residential), RM (Multi-Family Residential, A (Agriculture), AP (Agricultural Preserve), CA (Commercial Agriculture), 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) by the Santa Cruz County Zoning Ordinance, and complies with the requirements of SCCC Title 12 Building Regulations, SCCC Title 13 Planning and Zoning Regulations, SCCC Title 16 Environmental and Resource Protection and all other applicable provisions of the Santa Cruz County Code.

(2) No license may be issued to operate a cannabis manufacturing facility located within 600 feet from 1) a school 2) daycare; or 3) 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 manufacture facility under review, without regard to intervening structures. The distance requirements set forth in this subsection shall not apply to a facility that is in violation of the distance requirement of this subsection as a result of the establishment of a conflicting use (a school, daycare or youth center) after the date on which the State Board of Equalization issued a seller's permit to the facility for its location.

(F) Rules and Restrictions Specific to License Types.

Manufacture is divided into the following license classes:

- Class 1: Infused products
- Class 2: Non-flammable extraction involving pressures less than 2,000 psi
- Class 3: Non-flammable extraction involving pressures less than 2,000 psi and infused products
- Class 4: Flammable extraction; non-flammable extraction involving pressures of 2,000 psi or greater, (optional) infused products and/or non-flammable extraction

All commercial manufacturing activities require a Cannabis Manufacture License in addition to any applicable use and/or development permits identified in SCCC 13.10, Zoning Regulations. Commercial cannabis manufacture will only be allowed in those zones as set forth in this section.

(1) Residential Zone Districts:

Class 1, 2, and 3 licenses are allowed in the RA, RR, R-1, RB and RM zones (or any SU zone with a residential general plan designation that supports these zone districts). Class 4 licenses are forbidden in all residential zone districts.

a. Cannabis manufacture may only occur in association with a permitted, detached single family residence is located on the property upon which manufacture will occur. Licensee must be a full-time resident.

b. Commercial cannabis manufacturing in residential zone districts is only allowed in conjunction with a Cannabis Manufacture Home Occupation Permit from the Santa Cruz County Planning Department (see SCCC 13.10.XXX Cannabis Manufacture Home Occupation Permit regulations).

Manufacture exceeding the limits set by a Cannabis Manufacture Home Occupation permit may only occur in a licensed commercial kitchen facility or appropriate zone district where manufacture can be licensed. An Amendment to the license must be obtained to reflect any new or secondary location.

i. Exception: In the RA zone district, manufacture activity may exceed the limits established for a Cannabis Manufacture Home Occupation permit as defined by SCCC 13.10.XXX, Cannabis Manufacture. However, manufacturing is limited to that cannabis grown onsite with a Commercial Cultivation of Cannabis license obtained by the Cannabis Licensing Office. Import of cannabis material to support manufacture, or additional employees may be exceeded, however, as provided in SCCC 13.10.XXX, Cannabis Manufacture, with approval of a Conditional Use Permit in conjunction with a noticed public hearing.

ii. Exception: In the RR zone district, if activity exceeds the limits established for a Cannabis Manufacture Home Occupation permit as defined by SCCC 13.10.XXX, import of cannabis for manufacture is subject to the requirements as provided in SCCC 13.10.XXX, Cannabis Manufacture (B) Cannabis Manufacture Facilities in all Residential Zone Districts (17)(a)(i).

c. Class 2 or 3 licenses involving CO₂ extraction are explicitly prohibited in all residential zone districts.

i. Exception: In the RA and RR zone districts, where not associated with a Cannabis Manufacture Home Occupation permit, CO₂ extraction equipment operating at pressures less than 2,000 psi is allowed where a use permit is obtained as provided in SCCC 13.10.XXX, Cannabis Manufacture. Said extraction may not occur in any habitable structure and may only be located within a locked, secured, and permitted accessory structure, upon approval by Fire Department.

d. Only one Cannabis Manufacturing License and corresponding Cannabis Manufacture Home Occupation permit shall be allowed per residential parcel.

e. Manufacture may only occur on properties with a detached single family dwelling. No manufacture is allowed in multi-family units, duplexes and the like.

f. Manufacture of edible cannabis product is subject to applicable restrictions and rules as set forth in the under the California Homemade Food Act,

Chapter 6.1 (commencing with Section 51035) of Part 1 of Division 1 of Title 5 of the Government Code.

g. Except in the RA and RR zone districts, commercial kitchens are not allowed. Commercial kitchens require permits from the California Department of Public Health.

(2) Agricultural Zone Districts:

Class 1, 2, 3, and 4 licenses are allowed in the CA, A, and AP zones (or any SU zone with a general plan designation that supports these agricultural zone districts).

a. In the geographic area designated as the Coastal Zone, and within one mile beyond the Coastal Zone, manufacture may only take place within existing structures.

b. Manufacture facility must be ancillary to commercial cultivation on-site and must coincide with a commercial cannabis cultivation license (cultivation license subject to the requirements of Chapter 7.128).

c. Manufacture limited to cannabis cultivated onsite with a commercial cultivation license. These limits may be exceeded when a discretionary use and/or development permit is obtained, as provided in SCCC 13.10.XXX, Agricultural Uses, Cannabis Manufacture.

d. The facility and associated storage and parking facilities, shall be sited so as to remove no land from production (or potential production) if any non-farmable potential building site is available, or, if this is not possible, to remove as little land as possible from production.

(3) Timber Zone District:

Class 1, 2, and 3 licenses are allowed in the TP zone (or any SU zone with a general plan designation that supports this zone district). Class 4 licenses are strictly prohibited.

a. Manufacture facility must be incidental to commercial cultivation on-site and must coincide with a commercial cannabis cultivation license (cultivation license subject to the requirements of SCCC Chapter 7.128).

b. Cannabis manufacture may only occur in association with a permitted, detached single family residence located on the property where manufacture will take place.

c. Manufacture limited to that cannabis grown onsite unless a conditional use permit as provided in SCCC 13.10.XXX is obtained to allow import of cannabis plant material.

d. Any new structural development associated with the cannabis manufacture operation must be clustered within 200 feet of other buildings on property to facilitate timber harvesting and to preserve the rural character of the land (SCCC 13.10.373d), and may be subject to a discretionary development permit in accordance with Chapter 13.10 Zoning Ordinance.

e. No CAL FIRE timberland conversion permits will be issued exclusively to facilitate new construction of cannabis manufacturing facilities.

(4) Commercial Zone Districts:

Class 1, 2, 3 licenses are allowed in the C-2 and C-4 zone districts, and Class 4 licenses are allowed in the C-4 zone district (this includes any SU zone district with a general plan designation that supports these zone districts).

a. In the C-2 Zone district, commercial cannabis manufacture is only allowed in conjunction with a licensed dispensary.

b. Commercial kitchen facilities, where allowed, may be shared by licensees.

c. Pursuant to SCCC 13.10.335, in the C-2 District not more than 10 persons per shift shall be engaged in the production, repair or processing of materials on any one site.

d. Pursuant to SCCC 13.10.332, all allowed uses in M-1 district are allowed in C-4 provided not more than 20 persons are engaged in manufacture on any one shift.

(5) Industrial Zone Districts:

Class 1, 2, 3, and 4 licenses are allowed in the M-1, M-2 and M-3 zones (or any SU zone with a quarry or industrial general plan designation that supports these zone districts).

a. Cannabis manufacture in the M-1, M-2, M-3, and SU zones with a quarry or industrial general plan designation is subject to additional findings in SCCC 13.10.345, Special Standards and Conditions.

(G) Restrictions Related To All Cannabis Manufacturing Facility Operations:

(1) Manufacturers of cannabis must maintain a valid license at all times with Santa Cruz County, as well as the State of California. If licensee fails to timely obtain a license renewal from local or state authorities, manufacture operations must immediately cease until a new license is granted, if one is granted.

(2) Except as otherwise restricted by this Chapter and Chapter 13.10.XXX, in the case of Class 4 extraction and CO₂ extraction, only closed-loop systems may be permitted in the County for cannabis extraction, subject to all Fire and Building and Safety regulations. These extraction methods shall not be permitted in habitable/residential structures under any

circumstances. Class 4 extraction and CO₂ extraction can only occur where explicitly authorized.

a. Equipment used in the licensed cannabis manufacture facility shall be tested and approved by Underwriters Laboratories (UL) or equivalent standards testing laboratory. In the absence of testing laboratory certification, the design and construction of said equipment may be approved by a mechanical engineer registered and holding a current license in the State of California. In the case where equipment is approved by a licensed engineer, documents pertaining to specific material specifications, pressure, temperature thresholds, specific operating procedures and other related details shall be provided in a report signed and stamped by the engineer of record.

b. Equipment used in the licensed cannabis manufacture facility must be properly maintained and in working order at all times.

c. Any employees operating hazardous equipment shall be trained on the proper use of equipment directly by equipment manufacturer or authorized trainer to ensure proper use of equipment and on proper hazard response protocols in the event of equipment failure. A hazard response plan shall be in place for all facilities and all employees shall be trained on emergency response protocols.

(3) In the case that a manufacture facility uses Class 4 or CO₂ extraction methods, clear instructions must be posted in prominent and visible location within the facility to ensure first responders can determine the materials being used in the facility and how to disable equipment if facility operators are impaired and unavailable to do so.

(4) If extraction of cannabis oils by means of flammable or non-flammable methods involving such materials as hydrocarbons or CO₂ is occurring within facility, only those trained by equipment manufacturer or authorized trainer who are trained to use the equipment may enter the extraction room to operate equipment.

(5) Transactions involving the transfer of cannabis product from cultivator to manufacturer, between manufacturers, and from manufacturer to dispensary are only authorized amongst those bearing a cannabis operator's license from the State of California and the applicable local jurisdiction. No cannabis used in manufacture may be sourced from an unlicensed cultivator or operator. Licensed manufacturers may only sell their product within the State of California to licensed dispensaries and/or must themselves be a licensed dispensary to dispense items produced by their own licensed manufacturing facility.

a. Facility must maintain 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 name, location, address, state and local license information, and quantity of product in manufacture.

(6) Except for residential and timber production zone districts, multiple licensees may operate within shared facilities or on the same parcel (e.g., in commercial kitchen facilities, or cannabis extraction facilities) contingent upon all licensees having received and maintained

valid and active licenses (both local and State) for all operations, subject to the requirements, limitations and approvals of the Fire Department, Planning Department, and Environmental Health Services.

(7) If producing edibles or tinctures at a scale that requires commercial kitchen facilities (per the California Department of Public Health Environmental Health requirements), production must be carried out within a commercial grade kitchen facility permitted by Environmental Health Services. Commercial kitchens for the purpose of cannabis manufacturing are prohibited in the R-1, RB, and RM zone districts.

a. Commercial kitchens that infuse or otherwise incorporate cannabis plant materials or extracts to make value added cannabis products may share kitchen facilities only with other licensed cannabis manufacturers requiring the use of commercial kitchen space.

(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 Sections 113700-114437 of the California Health and Safety Code (the California Retail Food Code). All food products and cannabis products shall be protected from contamination at all times, and all food handlers must be clean, in good health, and free from communicable diseases. The County of Santa Cruz Environmental Health Department may inspect commercial cannabis manufacturers at any time during business hours to ensure compliance with this Section.

(9) All items to be sold or distributed retail shall be individually wrapped at the original point of preparation. Labeling must include any labeling requirements as required under State licensing and including but not limited to Business and Professions Code section 19347 or any other pertinent State licensing requirements for cannabis products.

(10) All packaging of manufactured cannabis product for sale to or use by the public shall be carried out in accordance with the requirements set by the California Department of Public Health.

(11) The facility must comply with all rules and regulations promulgated by the California Department of Public Health, Office of Manufactured Cannabis Safety (OMCS) and County of Santa Cruz Fire Department, Building and Safety, and Environmental Health rules and regulations in all facility operations.

(12) In no case, shall any hazardous, flammable, or explosive substances be used to process or manufacture cannabis products other than approved by this Chapter and by Environmental Health. The County may inspect the facility at any time to ensure compliance with this Section.

a. Licensed facilities shall, on an annual basis, provide the County Fire Marshal a list of hazardous material types and quantities used. This list must be kept onsite at facility as well and available during County inspections of the facility.

b. Disposal of hazardous and chemical waste must be conducted in a manner consistent with federal, state, and local laws pertaining to the proper disposal of related materials.

(13) Prevention of Nuisances:

a. The facility must use a commercial air scrubbing or filtration system sufficient to prevent the odors associated with cannabis manufacturing from escaping the facility where cannabis products are manufactured. In order to mitigate odors, all cannabis establishments shall be equipped with a mechanical source capture system. Source capture systems shall comply with all County Building and Safety and Fire Code provisions. In-line exhaust filtration may include 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.

b. All cannabis manufacture which generates emissions from extraction processes must obtain applicable permits from the Monterey Bay Unified Air Pollution Control District, as applicable.

(14) Waste. 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 local, state and federal regulations.

(15) Public Access:

a. No cannabis or cannabis products may be sold directly to consumers or within the manufacturing facility. If a separate local and state dispensary license is obtained to operate in conjunction with a manufacture facility, for the same parcel or related parcels upon which the manufacture facility is located, an exception can be made with explicit authorization. However no members of the public are allowed within the manufacturing facility itself. Physical separation as defined by Building Official and the Fire Marshal is required.

b. Manufacturing facility must be closed to the general public and only authorized personnel may be present onsite.

(16) The licensed premises of a manufacture facility must be enclosed on all sides by permanent walls, doors, roof, and a permanent foundation.

a. Exception: An open air extraction area may be established in CA/A/AP zone districts at a fixed, permanent, and fully secured location for limited cases 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). Subject to all other rules and restrictions of this Chapter, any use permit granted in compliance with the zoning ordinance and other applicable sections of the Santa Cruz County Code, and the approval of the Fire Marshal.

(17) Doors and windows shall remain closed, except for the minimum length of time needed to allow people to ingress or egress the building (with the exception of item 16 (a), above).

(18) 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.

(19) Applicants and owners of a cannabis manufacturing facility must successfully pass a background check required by the Licensing Official, including but not limited to successfully passing the LiveScan background check conducted annually before the submission of an application for an original or renewal license.

A failed LiveScan is a LiveScan report that includes any felony conviction within the past 10 years and/or reflects that the applicant or owner is currently on parole or probation related to a felony conviction. Felony convictions for cannabis-related offenses prior to January 1, 2016 will not result in a failed LiveScan, unless the offense involved sales to a minor.

(20) No minor may enter the facility unless the minor is accompanied by a parent or legal guardian.

(21) No person under the age of 21 may work at a cannabis manufacturing facility.

(22) Cannabis products and production equipment shall not be visible from the exterior of the premises.

(23) 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 excessive light off the property onto neighboring properties or skyward.

(24) Security. The facility shall provide adequate security precautions at all times, including, locking and securing the facility to prevent theft or access to minors.

a. No razor wire fencing is permitted.

b. With the exception of the residential zone districts, all facility windows shall have security bars installed, and unless existing exterior security bars are in place, facility shall only affix bars to the inside of the manufacture facility to reduce visual impacts.

c. With the exception of residential zone districts (RA, RR, R-1, RB, and RM), 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.

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

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

Notwithstanding the limitations imposed by this subsection, a facility may provide the following: an entry in the telephone directory with the name, location, and phone number of the facility; or signage as permitted by this section. Such directory entry or signage may identify the business as a “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.

(27) The facility shall not post any signage for the facility other than one identifying 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.

a. No signage is permitted in residential zone districts.

(28) The facility shall not receive more than one citation for violation of Santa Cruz County Code, Chapter 8.30 (Noise) within a single year.

(29) The facility may not violate any of the restrictions relating to the issuance of a license as set forth in this Chapter, MCRSA or AUMA.

(30) The facility must fully cooperate with a financial audit by the County of Santa Cruz of any and all aspects of the facility’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 facility in the normal course of business.

The facility must timely remit the taxes required to be paid under Santa Cruz County Code section 4.06 (Cannabis Business Tax).

(31) The facility may not violate any Santa Cruz County Code provision or State law related to the extraction of cannabis oils, resins, or other compounds from cannabis plants, or in the manufacture of cannabis products.

(32) The facility must comply with all administrative rules and regulations promulgated by the Licensing Official.

(33) Except as otherwise required by the Fire Department, standard setback restrictions shall apply as provided in Chapters 13.10.313, 13.10.323, 13.10.333, 13.10.343, 13.10.373, 13.10.383.

(34) Off-premises storage facilities are prohibited.

(35) Licensee shall comply with state laws and regulations related to environmental resources, natural resource protection, water quality, water supply, hazardous materials, and pesticide use in accordance with regulations, including but not limited to, the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code), the California Endangered Species Act (Chapter 1.5 (commencing with Section 2050) of Division 3 of the Fish and Game Code), lake or streambed alteration agreements (Chapter 6 (commencing with Section 1600) of Division 2 of the Fish and Game Code), the Clean Water Act (33 U.S.C. Sec. 1251 et seq.), the Porter-Cologne Water Quality Control Act (Division 7 (commencing with Section 13000) of the Water Code), wastewater discharge requirements, and any permit or right necessary to divert water.

(36) Licensee shall comply with other provisions of the County Code. The permits required by this Ordinance are in addition to all other reviews and permits required by the Santa Cruz County Code, including requirements in Titles 12 (Building Regulations), 13 (Planning and Zoning Regulations) and 16 Environmental and Resource Protection). Approvals issued pursuant to this section do not alter or supersede the permit and review requirements of other provisions of the Santa Cruz County Code.

(H) Denial Or Revocation of License; Remedies.

(1) 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:

(a) Discovery of untrue statements submitted on a license application.

(b) Revocation or suspension of any State license required to operate a cannabis manufacturing facility.

(c) Previous or current violation by the applicant of any provision of the Santa Cruz County Code or State law related to operation of a cannabis business.

(d) Violation of any of the provisions set forth in subsection (F), "Restrictions Relating to Cannabis Manufacturing Facility Operations; or (G), "Packaging and Labeling Requirements."

(e) The applicant or owner failed his or her last annual LiveScan background check.

(f) The creation or maintenance of a public nuisance.

(g) Failure to meet conditions of approval or any associated land use permit or approval.

(2) The Licensing Official's denial of a license application 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.

(3) If an application for an original or renewal license is denied, or if a license is revoked, all operations associated with the facility shall cease immediately, subject to the following exception:

If the applicant or operator is currently operating a cannabis manufacturing facility, and the applicant or operator files a petition with the superior court challenging the Licensing Official's denial or revocation decision within 30 days of the date the decision is issued, the applicant or operator may continue to operate the facility for 90 days from the date the Licensing Official's decision was issued. Any facility operations that occur after the 90 days has elapsed may only be conducted with a valid local license.

(4) 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 employee as a result of a denial or a revocation of a license.

7.132.130 Enforcement.

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

(B) Notwithstanding the limitations on civil penalties set forth in SCCC Section 1.12.070(A)(2), civil penalties for violation of Chapter 7.132 shall be assessed as follows:

(1) A fine not exceeding \$2,500 for a first violation, in addition to code enforcement or Cannabis Licensing costs incurred for investigating violation.

(2) A fine not exceeding \$5,000 for a second violation of the same County Code provision within one year, in addition to code enforcement or Cannabis Licensing costs incurred for investigating violation.

(3) A fine not exceeding \$7,500 for each additional violation of the same County Code provision within one year, in addition to code enforcement or Cannabis Licensing costs incurred for investigating violation..

(C) Whenever the Licensing Official determines that a public nuisance exists at any location within the unincorporated area of Santa Cruz County, he or she is authorized to issue a Notice of Violation pursuant to section 1.12.070 of this Code. However, a violator shall be provided a period of seven (7) calendar days from notice of the violation to correct the violation before the imposition of civil penalties under section 1.12.070(D)(2)(a) of this Code.

(D) Nothing in this Chapter shall be construed as imposing on the Licensing Official or the County of Santa Cruz any duty to issue a notice of violation, nor to abate any unlawful cannabis business activity, nor to take any other action with regard to any unlawful cannabis business activity, and neither the Licensing Official nor the County shall be held liable for failure to issue an order to abate any unlawful cannabis business activity, nor for failure to abate any unlawful cannabis business activity, nor for failure to take any other action with regard to any unlawful cannabis business activity.

SECTION II

Environmental Findings – [RESERVED]

SECTION III

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

PASSED AND ADOPTED this ___ day of – 2017, by the Board of Supervisors of the County of Santa Cruz by the following vote:

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

Chairperson of the
Board of Supervisors

Attest: _____
Clerk of the Board

APPROVED AS TO FORM:

Office of the County Counsel

cc: County Administrators Office

Planning Director
Sheriff's Office

Manufacture

Production, preparation, propagation, or compounding of manufactured cannabis products either directly or indirectly, or by extraction methods, independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis, at a fixed location that packages or repackages cannabis.

Manufacture Type

Non-flammable Extraction

Using cold water, heat press, lipid (butter, milk, oil) or other non-chemical extraction method to make bubble hash, kief, rosin, cannabis-infused lipid, etc.;

CO₂ extraction to make cannabis concentrates/oil (closed loop only) under 2,000 psi.

Flammable Extraction

Compressed and uncompressed liquid solvents using pentane, hexane, butane, propane, ethanol, etc. to make cannabis concentrates/oil (closed loop only);

CO₂ extraction to make cannabis concentrates/oil (closed loop only) over 2,000 psi;

Post-extraction refinement, taking previously extracted cannabis concentrates and further refining through processes such as chromatography, to make distillates.

Infused products

Infuses raw cannabis flower/leaves or prepared concentrate into different mediums (e.g. oil, milk, butter, other lipids) to make new products such as: edibles like baked goods, tinctures, the production of lotions and salves, soaps and the like, and vape pens.

A) Use Classes- Intensity and Scale of Manufacture

Manufacture Type:

- Class 1: Infused products
- Class 2: Non-flammable extraction at pressures less than 2,000 psi
- Class 3: Infused products and non-flammable extraction at pressures less than 2,000 psi
- Class 4: Flammable extraction and non-flammable extraction at pressures greater than or equal to 2,000 psi; (optional) infused products and/or non-flammable extraction

B) Zoning Use Charts

All commercial manufacturing activities require a Cannabis Manufacture License in addition to any applicable Use Permits identified in Chapter 13.10.XXX, Cannabis Manufacture. The more restrictive permit type across applicable categories (manufacture type, number of employees, facility requirements, or parcel size) will apply. Commercial cannabis manufacture will only be allowed in those zones as set forth in this section.

KEY:

- 3 = Process Level III (administrative, field visit required)/ Ministerial Use Permit (MUP)
- 4 = Process Level IV (administrative, public notice required)/ Administrative Use Permit (AUP)
- 5 = Process Level V (public hearing by Zoning Administrator required)/ Conditional Use Permit (CUP)
- 6 = Process Level VI (public hearing by Planning Commission required)/ Conditional Use Permit (CUP)
- = Use not allowed in this zone district

Definitions, Classes and Use Chart for Incorporation into SCCC 13.10
 Cannabis Manufacture Facilities

Zone District		Residential				
		RA	RR	R-1	RB	RM
Manufacture Type:	Classes 1-3	3/5*	3/5*	3	3	3
	Class 4	–	–	–	–	–
Number of Employees (not including owner)	1	3	3	3	3	3
	2-5	5	5	–	–	–
	6+	–	–	–	–	–
Facility size (SF)	0-1999	3	3	3	3	3
	2000+	5	5	5	5	5

* If cannabis is imported from offsite.

Definitions, Classes and Use Chart for Incorporation into SCCC 13.10
Cannabis Manufacture Facilities

Zone District		Agriculture		
		CA	A	AP
Manufacture Type:	Classes 1-3	3	3	3
	Class 4	4	4	4
Facility requirements (SF)	0-1999	3	3	3
	2000-5000	4/5 ¹	4/5 ¹	4/5 ¹
	>5001	4/5 ¹	4/5 ¹	4/5 ¹
Parcel Size (acres)	> 5	3	3	3
	> 2.5 and < 5	3	4	3
	< 2.5	3	5	3

1. Pursuant to SCCC 13.10.312 Level 5 review required if inside Coastal Zone and greater than 2,000 square feet

Definitions, Classes and Use Chart for Incorporation into SCCC 13.10
 Cannabis Manufacture Facilities

Zone District		Timber
		TP
Manufacture Type:	Classes 1-3	5
	Class 4	–

Definitions, Classes and Use Chart for Incorporation into SCCC 13.10
Cannabis Manufacture Facilities

Zone District		Commerical ¹	
		C-2*	C-4
Manufacture Type:	Classes 1-3	4/5/6	4/5/6
	Class 4	–	4/5/6

1. SCCC 13.10.332, Level 4 process for projects of less than 2,000 sf; Level 5 process for projects of 2,000 to 20,000 sf; Level 6 process for projects over 20,000 sf.

* Only in conjunction with a licensed dispensary.

Definitions, Classes and Use Chart for Incorporation into SCCC 13.10
Cannabis Manufacture Facilities

Zone District		Manufacture ¹		
		M-1	M-2	M-3
Manufacture Type:	Classes 1-4	4/5/6	4/5/6	3
Facility requirements (SF)	0-1999	4 ¹	4 ¹	3
	2000-20,000	5 ¹	5 ¹	3
	>20,000	5/6 ¹	5/6 ¹	3

1. SCCC 13.10.342, Level 4 process for projects of less than 2,000 sf; Level 5 process for projects of 2,000 to 20,000 sf; Level 6 process for projects over 20,000 sf.

Insert for SCCC 13.10

Part V, Special Uses

Article I- Accessory Uses and Structures

13.10.XXX Cannabis Manufacture Home Occupations.

(X) Restrictions on Cannabis Manufacture Home Occupations.

- (1) Flammable extraction of cannabis (Class IV) and any form of non-flammable extraction methods involving CO₂ (Class II) are strictly prohibited activities in residential zone districts (SCCC 7.132 Cannabis Manufacture Facilities).
- (2) The home occupation shall be carried out entirely within the dwelling, or in an accessory structure normally allowed in the zone district in which the site is located.
- (3) The home occupation shall not involve the use of more than 20 percent of the total floor area of the dwelling.
- (4) Cannabis imported for use in the commercial manufacture operation may not exceed a limit of fifteen pounds per month of raw cannabis, or one pound per month of cannabis concentrate.
- (5) Manufacture of edible cannabis products is subject to applicable restrictions and rules as set forth in the California Homemade Food Act (AB 1616-Cottage Food Operations, and AB 1252 Amendments).
 - (i) Edible products not covered under this Act, and products that are not “shelf stable,” meaning they do not require refrigeration, must operate in a licensed commercial kitchen, and therefore a Cannabis Manufacture Home Occupation permit may not be granted.
- (6) All cannabis that is being used for commercial manufacture of cannabis products must be locked and secured at all times to prevent access by those under the age of 21, unauthorized visitors, or pets.
- (7) There shall be no visible or external evidence of the home occupation.
- (8) The home occupation shall be carried out by one full-time inhabitant of the dwelling. An exception can be made for the RA and RR zone districts to allow additional employees subject to a Level 5 (CUP) discretionary permit process.

(9) No sales of goods produced shall be authorized onsite. All sales must go through a licensed dispensary within the State of California.

(10) Only one vehicle, no larger than a three-quarter-ton pickup, may be used for the home occupation. All deliveries and shipments of equipment, supplies, and products shall be made only with this one vehicle. An off-street parking space shall be provided for this vehicle. Additional off-street parking shall be provided for employees in the case of the RA and RR zone districts where a Level 5 (CUP) is obtained (refer to item 8, above).

(11) No equipment with a motor of more than one-half horsepower may be used for the cannabis manufacture activity.

(12) All noise from manufacturing shall conform to the General Plan Noise Element residential policies and standards and is also subject to SCCC Chapter 8.30, Noise Regulations.

(13) In order to mitigate potential odors, all cannabis manufacture sites shall be equipped with a mechanical source capture system. Source capture systems shall comply with all County Building and Safety and Fire code provisions. In-line exhaust filtration may include 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.

(14) Home occupations involving the handling of 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 require a Level 5 conditional use permit. "Hazardous materials" refer to materials defined in SCCC [7.100](#) SCCC. [Ord. 4836 § 102, 2006; Ord. 4100 § 1, 1990; Ord. 3432 § 1, 1983].

(15) Cannabis Manufacture Home Occupation permits are subject to renewal every 5 years, and shall be considered revoked upon expiration or revocation of a Cannabis License for Manufacture.

- (i) Note Cannabis Licenses for Manufacture activities are subject to a separate annual renewal process.

Insert for SCCC 13.10

Part V, Special Uses

Article III- Agricultural Uses

13.10.XXX Cannabis Manufacture

(A) **All Cannabis Manufacture Facilities.** The following regulations apply to all cannabis manufacture uses requiring a use or development permit in RA (Residential Agricultural), RR (Rural Residential), R-1 (Single Family Residential), RB (Single Family Ocean Beach Residential), RM (Multi-Family Residential, A (Agriculture), AP (Agricultural Preserve), CA (Commercial Agriculture), 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; any SU zone where general plan designation that supports the preceding zone districts) zone districts, in addition to those requirements set forth in SCCC 7.132, Commercial Cannabis Manufacture Facilities:

DEVELOPMENT:

1. Fire protection. All cannabis manufacture facilities must be located within a 10 minute response time of a fire station. If unable to meet this requirement, a fire clearance would be required to verify that the operation can safely operate while protecting public health, safety and welfare.
2. Environmental Protection. All new development shall comply with the provisions of all County environmental protection ordinances (SCCC Title 16).
3. Outside Lighting. The application for a use or development permit shall include plans for all outdoor lighting subject to review and approval. All outdoor lighting shall have the illumination directed downward or shielded so that glare is not projected onto adjacent properties.
4. Water Conservation. If a new building is constructed, water saving devices shall be incorporated into the facility design, and shall be indicated on building and landscaping plans for staff review and approval.
5. Parking. The application for a 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 cannabis manufacture employees, and allow for loading and unloading.

DESIGN:

6. **Building Design.** 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.

7. **Setbacks.** The manufacture facility shall be set back from the property line the minimum distance required by the zone district and may be required as a condition of a use or development permit to set back a specified distance from the nearest off-site residence, if applicable, depending on the individual circumstances of the application.

8. **Landscaping.** For all applications involving construction of new buildings: the manufacture facility 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, 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. Applications for use or development permits shall include: a landscaping plan for review and approval, showing existing and proposed trees, shrubs and groundcover species, size and placement.

OPERATION:

9. **Waste Disposal.** Residue and waste products shall be disposed of in a manner consistent with the requirements established by Environmental Health.

10. **Outside Operations.** Applications for a use or development permits shall include information to describe the nature of any outside operations that may be required for the facility. All outside operations shall be screened to minimize visibility from adjacent residences and roads; and outside operating hours of the facility 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 of the proposed facility.

11. **Noise Control.** The application for a use and/or development permit shall include information regarding the anticipated noise levels of the cannabis manufacture operation. The following sound schedule limitations shall apply:

- (a) A maximum noise standard of 85 dba for a cumulative period of 15 minutes in any hour;

(b) A maximum noise standard of 90 dba for a cumulative period of five minutes in any hour;

(c) A maximum noise level of 100 dba.

These values shall apply during the day period and shall be reduced by 10 dba for the night period (10:00 p.m. to 7:00 a.m.). Unless different limits are set by condition on the use permit based on the individual merits of the location and surroundings of the proposed manufacture facility.

12. **Operating Hours.** The application for a use permit shall include information regarding the proposed operating hours of the facility. The operating hours of the manufacture facility shall be established and approved as a condition of the use permit.

SERVICES:

13. **Access.** Access shall meet County road standards including adequacy for the proposed use, including delivery vehicles and for emergency vehicles.

14. **Fire Protection.** All regulations of the local fire department or County Fire Marshal shall be met to ensure adequate water availability and other conditions for fire protection. No facility shall be established beyond a 20-minute fire response time from the nearest responsible fire station in rural areas.

15. **Water.** A letter from the water district serving the area shall be submitted with the application stating that adequate capacity is available to serve the use; or water source standards of the Environmental Health Department shall be met.

16. **Sewer/Septic.** A letter from the sewer district serving the parcel shall be submitted with the application stating that adequate capacity is available to serve the use; or septic standards of the Environmental Health Department shall be met.

(B) **Cannabis Manufacture facilities in all Residential Zone Districts.** In addition to the regulations in subsection (A) of this section, the following regulations apply to all manufacture uses and facilities in residential zone districts approved at Levels 3 (MUP) or 5 (CUP):

OPERATION:

(17) **Operational Limits.**

a. Activities shall comply with the Cannabis Manufacture Home Occupation Permit regulations in SCCC 13.10.XXX, and the requirements as set forth in SCCC 7.132, with the following exception:

i. In the RA and RR zone districts, with approval of a conditional use permit after a noticed public hearing, employee and/or cannabis import limits may be exceeded with limits set by a condition of the use approval based on the individual merits of the location and surroundings of the proposed manufacture facility.

b. Cannabis Manufacture within any residential zone district is only permitted in association with detached single-family dwellings.

(C) **Cannabis Manufacture Facilities in the CA, A, and AP Zone Districts.** In addition to the regulations in subsection (A) of this section and SCCC 7.132 Commercial Cannabis Manufacture Facilities, the following regulations apply to all manufacture facilities in the CA, A and AP zone districts.

OPERATION:

(18) In the Agricultural zone districts, with an approved conditional use permit, raw cannabis material may be imported from other licensed cultivation sites for onsite manufacture as long as importation does not cause prime agricultural land to be converted to non-farmable use, such as to provide for new structural development.

(19) Class 2 and Class 3 extraction involving CO₂ extraction, and Class 4 extraction, as these classes are defined in SCCC 7.132, are only allowed in Agricultural Zone Districts in permitted accessory structures subject to Fire and Building and Safety requirements. No habitable structures may be used for Class 2 and 3 (involving CO₂ extraction) or Class 4 manufacture activities.

PROTECTION OF AGRICULTURAL LANDS:

(20) Maximum Lot Coverage. The manufacture facility, associated storage, and parking facilities shall be sited so as to remove no land from production (or potential production) if any non-farmable potential building site is available, or, if this is not possible, to remove as little land as possible from production.

(21) Cannabis Manufacture Facilities in the CA and AP Zone Districts are subject to SCCC 13.10.314 which requires special findings for CA and AP uses.

(D) **Cannabis Manufacture Facilities in the TP Zone District.** In addition to the regulations in subsection (A) of this section and SCCC 7.132 Commercial Cannabis Manufacture Facilities, the following regulations apply to all manufacture facilities in the TP zone district for all use and/or development permits:

OPERATION:

(22) In the Timber Production zone district, with an approved Conditional Use Permit, raw cannabis material may be imported from other licensed cultivation sites for onsite manufacture as long as importation does not trigger new structural development or impacts that cause timber land to be converted to non-timber land.

ORDINANCE NO. __

**ORDINANCE AMENDING CHAPTER 13.10 OF
THE SANTA CRUZ COUNTY CODE RELATING
TO CANNABIS CULTIVATION USES**

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

SECTION I

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

“Cannabis Cultivation” means any activity involving the planting, growing, harvesting, drying, curing, grading or trimming of cannabis, as defined in SCCC 7.128.030.

“Hoop house” means agricultural shade structures less than 12 feet in height constructed of light frame materials and covered with shade cloth or clear, flexible plastic with no significant associated electrical, plumbing, or mechanical equipment, other than irrigation equipment

SECTION II

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

USE	CA	A	AP
Cannabis Cultivation, with a Class CA license (for CA) or Class A license (for A), pursuant to SCCC Chapter 7.128	P	P	_____
Drying/Trimming room			
Less than 500 square feet	P	P	
Greater/equal to 500 square feet	3	3	
New or existing greenhouse (outside Coastal Zone)			
Less than 500 square feet	3	3	
500-20,000 square feet	3	3	
Greater than 20,000 square feet	3	3	
Existing greenhouse (Coastal Zone)			
Less than 500 square feet	3	3	
500-20,000 square feet	3	3	
Greater than 20,000 square feet	3	4	

Greenhouse replacement, reconstruction or structural alteration (Coastal and Non-Coastal)	3	3
Hoop house		
Less than 500 square feet	P	P
500-20,000 square feet	3	3
Greater than 20,000 square feet	4	4
New building for cultivation (not greenhouse)		
Less than 500 square feet	P	P
Greater than or equal to 500 square feet	3	3
Water tank		
Tank greater than 10,000 gallons	3	3
Tank less than 10,000 gallons	P	P
Outdoor cultivation		
Less than 2500 square feet	P	P
2500 square feet or greater	P	3

SECTION III

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

Use	RA	RR	R-1	RB	RM
Cannabis Cultivation with a Class CA license pursuant to SCCC Chapter 7.128	P				
Drying/Trimming room					
Less than 500 square feet	P				
Greater/equal to 500 square feet	3				
New or existing greenhouse (outside Coastal Zone)					
Less than 500 square feet	3				
Greater than 500 square feet	3				
Existing greenhouse (Coastal Zone)					
Less than 500 square feet	3				
500-20,000 square feet	3				
Greater than 20,000 square feet	3				
New structure (greenhouse or other; Coastal Zone)	_____				
Greenhouse replacement, reconstruction or	3				

structural alteration (Coastal and Non-Coastal)

Hoop house

Less than 500 square feet	P
500-20,000 square feet	3
Greater than 20,000 square feet	4

New building for cultivation (not greenhouse)

Less than 500 square feet	P
Greater than or equal to 500 square feet	3

Water tank

Any size	P
----------	---

Outdoor cultivation

Less than 2500 square feet	P
Greater than 2500 square feet	3

SECTION IV

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

USE	PA	VA	CT	C-1	C-2	C-4
Cannabis Cultivation, with a Class C-4 license (for C-4) pursuant to SCCC Chapter 7.128	_____	_____	_____	_____	_____	P
Change of use (intensification of use						
< 5,000 square feet						3
5,000 to 20,000 square feet						4
<20,000 square feet						5
Drying/Trimming room						
Less than 500 square feet						P
Greater/equal to 500 square feet						3
New or existing indoor/greenhouse						
Less than 5,000 square feet						4
Greater than 5,000 and less than 20,000 square feet						5
Greater than 20,000 square feet						6
Greenhouse replacement, reconstruction or structural alteration						3
Accessory cultivation structure (such as greenhouse						

accessory to dispensary or manufacture)	
Less than 500 square feet	3
Greater than or equal to 500 square feet	3
Water tank (large)	
Any size	3

SECTION V

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

USES	M-1	M-2	M-3
Cannabis Cultivation, with a Class M license pursuant to SCCC Chapter 7.128	P	P	P
Change of use (intensification of use)			
< 5,000 square feet	3	3	3
5,000 to 20,000 square feet	4	4	4
<20,000 square feet	5	5	5
Drying/Trimming room			
Less than 500 square feet	P	P	P
Greater/equal to 500 square feet	3	3	3
New or existing greenhouse outside the Coastal Zone			
Less than 5,000 square feet	4	4	4
Greater than 5,000 and less than 20,000 square feet	5	5	5
Greater than 20,000 square feet	6	6	6
(New greenhouses in the Coastal Zone not allowed)			
New (non-greenhouse) cannabis-related structures			
500 sf and less	3	3	3
500 -20,000 sf	4	4	4
Greater than 20,000	5	5	5
Greenhouse replacement, reconstruction or structural alteration	3	3	3

Accessory cultivation structure (such as greenhouse accessory to dispensary or manufacture)

Less than 500 square feet	3	3	3
Greater than or equal to 500 square feet	3	3	3

Water tank

Any size	3	3	3
----------	---	---	---

Outdoor cultivation

Less than 2500 square feet			P
Greater than or equal to 2500 square feet			3

SECTION VI

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

USE	PERMIT REQUIRED
Cannabis Cultivation, with a Class TP license pursuant to SCCC Chapter 7.128	P
Drying/Trimming room	
Less than 500 square feet	P 3
500 square feet or greater	
New or existing greenhouse (outside Coastal Zone)	
Less than 500 square feet	3
500-20,000 square feet	3
Greater than 20,000 square feet	4
Existing greenhouse (Coastal Zone)	
Less than 500 square feet	3
500-20,000 square feet	3
Greater than 20,000 square feet	4
New structure (greenhouse or other; Coastal Zone)	_____
Greenhouse replacement, reconstruction or structural alteration (Coastal and Non-Coastal)	3
Hoop house	
Less than 500 square feet	P

500-20,000 square feet	3
Greater than 20,000 square feet	4
New building for cultivation (not greenhouse)	
Less than 500 square feet	3
Greater than or equal to 500 square feet	4
Water tank	
Tank greater than 10,000 gallons	3
Tank 10,000 Gallons or less	P
Outdoor cultivation	
Less than 2500 square feet	P
Greater than 2500 square feet	3

SECTION VII

Section 13.10.700-I “I” Definitions of the Santa Cruz County Code shall be amended to add :

Intensification of Use, Nonresidential. Any change or expansion of a nonresidential use which will result in both a greater than 10 percent increase in parking need and more than two spaces, or which is determined by the Planning Director likely to result in a significant new or increased impact due to potential traffic generation, noise, smoke, glare, odors, hazardous materials, water use and/or sewage generation, or which will include cultivation of cannabis and/or manufacture of cannabis products shall be an “intensification of use” for purposes of this chapter.

SECTION VIII

This ordinance shall take effect in areas outside the Coastal Zone on the 31st day after the date of final passage, and shall take effect in areas within the Coastal Zone on the 31st day after the date of final passage, or upon certification by the Coastal Commission, whichever is later.

PASSED AND ADOPTED this ____ day of _____, 2017, by the Board of Supervisors of the County of Santa Cruz by the following vote:

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

Attest: _____

 Chairperson of the

Clerk of the Board

Board of Supervisors

Approved as to form:

Assistant County Counsel

Land Use Framework

Objective 2.3.2 -- Commercial Cannabis Activities

State law authorizes and implements a comprehensive regulatory and licensing system governing a range of medical and commercial cannabis businesses. The objective of this section of the General Plan is to implement a structure for local regulation of cannabis activities that recognizes licensed commercial cannabis activities in some locations, while also protecting the County's fragile environmental resources, the quality of life of neighborhoods, and public health and safety.

Policy 2.XX Ancillary Use in Residential Areas.

Require that any commercial cannabis activity licensed on lands designated for residential uses be designed and of a scale that is ancillary to the primary residential use of the property.

Policy 2.XX Special Use (SU) Zoning Limitations. Disallow any license for commercial cannabis activity on any property zoned Special Use (SU) that has an underlying residential general plan designation.

Policy 2.XX Improve Existing Environmental Conditions. Condition permits for commercial cannabis activities, where appropriate, to reduce environmental impacts from existing roads or other previous disturbance.

Policy 2.XX Cannabis Industry and Manufacturing and Industrial Economic Diversity

In order to ensure that the emerging cannabis industry does not create loss of diversity in the economy, to foster a balanced and resilient economy, and to ensure that commercial, manufacturing and industrial space is available for a variety of economic enterprises, monitor and evaluate the scale and location of cannabis enterprises to avoid over concentration or loss of diversity in the economy.

Programs:

- a. Develop licensing systems and zoning policies to regulate the location and operations of various cannabis activities in order to protect the public health, safety, and welfare in Santa Cruz County.
- b. Monitor the effectiveness of commercial cannabis licensing programs and related zoning policies to ensure effectiveness of the program. Where appropriate, modify those programs over time to protect the County's public health, safety and welfare.
- c. Establish an enforcement program to address unlicensed commercial cannabis activities and ensure that licensed operations are operating consistent with licensing requirements and conditions.

Objective 5.15 Specialized Agricultural Activities To recognize and provide for a variety of agricultural uses, such as greenhouses, aquaculture, cannabis activities, and wineries on lands which are properly suited for these specialized uses to maintain the optimum agricultural diversity.

Policy 5.XX Cannabis Industry and Agricultural Diversity

In order to ensure a diverse and balanced agricultural economy, and to support a diversity of crops, livestock and fiber on County agricultural land, monitor the location and scale of the emerging cannabis industry to ensure that cannabis cultivation and manufacturing does not lead to over concentration in that sector of the County's agricultural economy.

Timber Resources (add)

5.12.2(g) Commercial Cannabis activities, within non-timbered portions of the property, subject to all requirements of the commercial cannabis licensing ordinances, as reflected in the Zoning Code.

Policy 6.XX Cannabis Industry: Avoid Excessive Grading

In order to protect public health and safety and prevent negative environmental impacts from grading and land disturbance, avoid excessive grading and disturbance associated with cannabis activities. This includes grading for access roads and other improvements such as pads, structures, terracing and other infrastructure, including grading which may be required to meet fire code or other standards. Given that cannabis cultivation and manufacturing may occur in areas that are primarily residential, open space, and agricultural in character, and that requirements to meet fire code and other safety standards are significant for this industry, carefully evaluate grading where cannabis activity will occur for excessive disturbance and other impacts.
