

# Exhibit B

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COUNTY OF MONTEREY  
ADMINISTRATIVE PERMIT  
APPLICATION  
NURSERY  
CULTIVATION  
DISTRIBUTION

25700 ENCINAL ROAD

A GROWING CONCERN  
APPLICANT

WESTERN TRANSPLANTING LLC  
PROPERTY OWNER

PLN180558



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# 1 Project Setting

A Growing Concern LLC (Applicant) is requesting an administrative permit to allow a cannabis facility with mixed light cannabis cultivation (Type 1B, 2B, and/or 3B), nursery (Type 4), processing, and distribution (Type 11).

## 1.1 Project Location

The proposed project is located at 25700 Encinal Road, Assessor Parcel Number 137-111-033-000, in the Greater Salinas plan area of unincorporated Monterey County. The site consists of one parcel that is 555,390 SF (12.75 acres) in size. Applicant currently leases the property.

The project site is located on the south side of Encinal Road, east of US Highway 1, and east of Old Stage Road.

## 1.2 Existing/Historic Uses

The site is currently and has historically been used for agricultural production as a cut flower facility. This application does not propose the continuance of the existing use. The property currently contains a total of 172,190 SF of existing greenhouse structures. There is no cannabis operation currently on site.

## 1.3 Surrounding Uses

The surrounding uses are farming and related uses. The site is bordered by active agriculture and cannabis operations.

The site is surrounded by several proposed cannabis operations and other farming businesses of similar nature and intensity. Pursuant to MCC Section 20.67.050.B.4, the proposed location is not located within 600 feet of a school, public park or drug recovery facility.

## 1.4 Zoning and Land Use Designation

The project is located in the F/40 (Farming, 40-acre minimum) zoning district. The purpose of the F/40 district is to preserve and enhance the use of prime, productive and unique farmlands in the County of Monterey while also providing opportunity to establish necessary support facilities for those agricultural uses. Uses allowed in the F/40 zoning district with a use permit include mixed light cannabis cultivation, nursery, and distribution uses pursuant to chapter 21.67. The surrounding zoning is also F/40.

The project is located in Greater Salinas planning area of the general plan, and the land use designations for the site are Farmlands 40-acre minimum. The surrounding general plan land use designations are the same as the project site.

## 2 General Development Plan

### 2.1 Proposed Use

Applicant is requesting an administrative permit to allow a commercial cannabis facility. Pursuant to current Monterey County Code (MCC) chapters 7.90 and 20.67, Applicant proposes mixed-light cannabis cultivation (Type 1B, 2B and/or 3B) and nursery (Type 4) in existing structures, processing, and distribution (Type 11) of Applicant's products to other licensed cannabis facilities. This application does not propose the continuance of the existing use.

The cultivation operations will be mixed light in existing greenhouse structures.

Applicant proposes to produce the following products at the building at the facility:

- Cannabis Seeds and Clones
- Cannabis Flower
- Cannabis Trim

No food processing, food packaging or food sales will occur on the site.

The applicant is participating in an area-wide, industry-prepared initial study of the potential cumulative impacts of proposed cannabis operations

## 2.2 Existing and Proposed Improvements

### Existing and Proposed Structures

The property currently contains a total of 170,046 SF of existing greenhouse structures. The following table and the site plan provide a summary of the existing and proposed structures and proposed uses.

<b>Building</b>	<b>Status</b>	<b>Size (SF)</b>	<b>Occupancy Group</b>	<b>Proposed Use</b>
Alpha Greenhouse	Existing	75,666	U	Cultivation/Nursery
Bravo Greenhouse	Existing	47,290	U	Cultivation/Nursery
Charlie Greenhouse	Existing	1,165	U	Fertigation, storage and loading
November Greenhouses	Existing	45,925	U	Cultivation/Nursery
Echo Metal Building	Existing	2,544	F-1	Processing, storage, logistics
Delta Shipping Containers	Proposed	3,200	F-1	Storage of processed product
Papa	Proposed	800 SF	B	Security, office, breakroom (no plumbing fixtures) and restrooms

The proposed curing chambers (Delta) will be used for distribution, storage, processing (drying and trimming). The proposed 800-SF building (Papa) will provide security, office space, breakroom (no plumbing fixtures) and restroom.

### Existing and Proposed Improvements

Existing improvements include a well, two 15,000-gallon water storage tanks for fire suppression and irrigation water, automatic gate, and an 8-foot-high chain link fence on the property line. Proposed improvements include fire protection, waste enclosure area, and security cameras and lighting (downward shielded and motion sensed).

## Site Development

### Structure Setbacks

All structures are set back from any property lines or roadways. Per MCC 21.30.060, Site Development Standards for F zones, setbacks for main structures meet or exceed the guidelines.

### Site Drainage

No changes to existing drainage pattern are proposed. No drainage improvements are necessary or proposed at this time. The applicant will inspect and maintain the drainage culverts as necessary.

### Parking

There are 24 parking spaces proposed, including 1 accessible parking space and \_ loading space(s).

### Lot Coverage

The existing lot coverage is 172,590 SF (31 percent). Proposed increase to lot coverage is 4,000 SF, resulting in a proposed lot coverage of 176,590 SF (31.8 percent).

### Impervious Surface

There is 178,143 SF (32 percent) of impervious surface proposed, which includes an increase of 0.01 percent.

## Site Access

### Driveways

The facility is accessed via a paved driveway at Encinal Road.

### Fencing and Gates

The property has an existing 8-foot-high chain link fence installed on the property line and an automatic gate, which will remain. Knox Box access is proposed.

The gate shall be located at least 32 feet from the roadway and shall open to allow a vehicle to stop without obstructing traffic on the road. Gate entrances shall be at least the width of the traffic lane but in no case less than 12 feet wide. Where a one-way road with a single traffic lane provides access to a gated entrance, a 40-foot turning radius shall be used.

## Emergency Access

### Emergency Access Key Box

Where gates are to be locked, the installation of a key box or other acceptable means for immediate access by emergency equipment may be required. As shown on the site plan, emergency access key switches (“Knox Box”) will be installed at all electric emergency access gates to allow emergency access. The “Knox Box” shall be installed and maintained. The type and location shall be approved by the fire department. The fire department shall be notified when locks are changed so that the emergency access key box can be updated with current keys.

### Permanent Address Numbers

All buildings shall be issued an address in accordance with Monterey County Ordinance No. 1241. Each occupancy, except accessory buildings, shall have its own permanently posted address. When multiple occupancies exist within a single building, each individual occupancy shall be separately identified by its own address.

Letters, numbers and symbols for addresses shall be a minimum of 4-inch height, 1/2-inch stroke, contrasting with the background color of the sign, and shall be Arabic. The sign and numbers shall be reflective and made of a noncombustible material. Address signs shall be placed at each driveway entrance and at each driveway split. Address signs shall be visible and legible from both directions of travel along the road.

In all cases, the address shall be posted at the beginning of construction and shall be maintained thereafter. Address signs along one-way roads shall be visible from both directions of travel. Where multiple addresses are required at a single driveway, they shall be mounted on a single sign. Where a roadway provides access solely to a single commercial occupancy, the address sign shall be placed at the nearest road intersection providing access to that site.

### Exit Signs

Emergency exit signs will be illuminated and installed at all exits as shown on the plans.

## Fire Suppression

### Fire Extinguishers

Portable fire extinguishers shall be installed and maintained per California Fire Code Section 906. The portable fire extinguishers shall be installed in the greenhouses and in the metal buildings as shown on the project plans.

## **Alarm System**

Buildings that are protected with a fire sprinkler system designed with more than 20 sprinklers shall be protected with a fire alarm system that is monitored by a fire alarm company.

The building(s) shall be fully protected with an approved central station, proprietary station, or remote station automatic fire alarm system as defined by NFPA 72. Plans and specifications for the fire alarm system shall be submitted by a California licensed C-10 contractor to the fire code official and approved prior to requesting a rough sprinkler

## **Water Storage**

Existing improvements include a well and two existing 15,000-gallon for fire suppression, irrigation and domestic water.

## 2.3 Description of Operation

Applicant is requesting a conditional use permit (CUP) and commercial cannabis business permit to allow a cannabis facility with mixed light cannabis cultivation (Type 1B, 2B, and/or 3B), nursery (Type 4), processing, and distribution (Type 11) per MCC chapter 21.67.

### Cultivation

The proposed cultivation operations will be mixed light in existing structures.

Drying, curing, trimming, and distribution activities will occur in the proposed curing chambers.

### Distribution

Applicant proposes to distribute its own product to licensed cultivators, manufacturers, distributors, and retailers using a Type 11 license from the State of California. Per the current Monterey County Code, Applicant will distribute its own products only.

### Products

Applicant proposes to produce the following products at the building at the facility:

- Cannabis Seeds and Clones
- Cannabis Flower
- Cannabis Trim

No food processing, food packaging or food sales will occur on the site.

### Hours of Operation

The proposed hours of operation during which staff will be present will be 24 hours per day, 7 days per week. The facility will be closed to the public; only scheduled, business-related deliveries or visitors will be permitted on site.

### Tenants

Currently, there is one tenant proposed. To the extent that multiple tenants will occupy the property, each tenant will have a separate address.

### Traffic

The proposed agricultural use is consistent with the previous and existing agricultural use and there is no significant building expansion; therefore, a traffic impact analysis will not be required at this time. However, the applicant is participating in an area-

wide, industry-prepared initial study of the potential cumulative impacts of proposed cannabis operations, and a traffic analysis of multiple intersections is being conducted as part of that study.

## Number of Employees

It is anticipated that the proposed operation will have up to 10 full-time employees and up to 10 temporary employees during harvest and trimming (approximately 4 days at a time, 4 times per year. Employees will be on site 24 hours per day, 7 days per week. Most of the employees will be on site during the day shift, with only security and/or personnel on site after hours.

## Parking

There are 24 parking spaces proposed, including 1 accessible parking space.

## Visitors

The facility will be closed to the public; only scheduled, business-related deliveries or visitors will be permitted on site.

## Deliveries

Applicant shall accept shipments of cannabis goods from licensed transporters and distributors and related non-cannabis supplies and materials between the hours of 6:00 AM to 10:00 PM. Shipments of cannabis goods shall be received in the designated receiving area.

Deliveries include mail, waste disposal, delivery of supplies or products and vendors.

It is anticipated that deliveries will be by small trucks, vans and vehicles. There will be small truck traffic to the site approximately once per week and larger truck traffic approximately 3 to 4 times per year.

## 2.4 Energy

The property currently is served by PG&E. The existing electrical service is an 800 amp 3-phase service that will meet the proposed electrical needs during Phase 1 of development. It is our intention during Phase 2 of our site improvement, that we will install PV on the back of the property.

## 2.5 Water Source

### Water Source and Capacity

The project site is served by an existing well and two existing 15,000-gallon water storage tanks located on the property. Fire, irrigation and domestic water are served by this water system.

There is an existing water line easement appurtenant to the subject property from the subject property to another property at 1601 Old Stage Road. No water is provided from the well on the other property.

### Potable Water

Applicant will provide potable water for a one-connection water system serving fewer than 25 people. Water quality testing results have been included in this application. The water quality sample was taken from the well before treatment; there is currently no water treatment.

Currently there is a single connection proposed to serve up to 20 employees during peak times. The applicant has provided a Declaration for an Unregulated Domestic Water System.

### Water Storage and Capacity

Existing improvements include a well and two existing 15,000-gallon for fire suppression, irrigation and domestic water.

### Irrigation and Water Conservation

Pursuant to MCC chapter 20.67.050.B.8, water conservation measures shall be incorporated in order to minimize use of water where feasible.

Our automated irrigation systems design will be highly automated with integrated sensors providing real time online data for all irrigation controls. We are designing the facility to prevent water runoff from irrigation and the in-place improvements include dry wells for effluent water from the impermeable surfaces.

Applicant proposes to use 10-inch pipes as the planter; it provides support and in case of emergency or system failure, overflow drainage into grade level drain system with the channel drains draining into the dry well system already located on the property.

Pursuant to the Cannabis Cultivation General Order, the applicant will enroll in General Order WQ 2019-0001-DWQ through the State Water Resources Board.

## 2.6 Wastewater Treatment and Disposal

The project site currently does not have an Onsite Wastewater Treatment System (OWTS). The project plans include OWTS plans indicating the location, design layout and size specification based on project needs and wastewater generation estimates pursuant to MCC chapter 15.20. Accessible restrooms and a septic system are proposed as part of this application. Existing and proposed septic improvements including leach fields and septic tanks are shown on the septic plan.

In connection with the plans for the OWTS, a percolation test was completed. Groundwater was not encountered in any of the borings to a depth of 31.5 feet. Boring logs for B-1 and B-2 described the soils as being “wet” at 16 and 21 feet respectively. Wet soils encountered in B-1 and B-2 were likely an indication of a change in soil texture. The holes were left open for a period after drilling, but no groundwater monitor was installed.

## 2.7 Solid Waste Disposal

### Waste Management Provider

Solid waste collections services, which includes recycling services, is provided by Waste Management, Inc. for all locations throughout unincorporated Monterey County. As the Board of Supervisors approved franchise waste hauler, Waste Management, Inc. is required to, at least once a week, “collect all solid waste generated from all stores, shops, offices, restaurants, hospitals and commercial or industrial establishments” (Monterey County Code, 10.41.090; 10.41.030).

Cannabis waste is an organic, non hazardous waste, which may contain cannabis, that has been removed from all packaging and rendered unusable and unrecognizable (California Code of Regulations, Title 16, Section 5000(d)). Therefore, cannabis waste can be disposed as solid waste or it may be processed as compost if it is a green leafy waste. Waste Management will provide cannabis waste disposal services either as solid waste or green waste or both.

Waste Management will be contracted to provide waste disposal services for waste, green waste and recycling. Regular waste, green waste and recyclables will be separated and stored in a waste receptacle on site until it is transported by Waste Management. The waste disposal and recycling area is indicated on the site plan.

### Recycling

Recyclable waste will be separated from regular waste, stored in a receptacle and will be serviced by Waste Management.

## Green Waste

Because trim will be sold to licensed manufacturers for extraction and used for extraction, it is anticipated that there will be very little green waste. There will be no psychoactive waste contained in the green waste. Green waste will be hauled by Waste Management.

Non-psychoactive clippings, leaf matter and plant stalks will be composted on site.

## Cannabis Waste

Applicant's waste disposal procedure references California Code of Regulations (CCR) Title 16, Division 42 ("division"). Applicant shall comply with all applicable waste management laws including, but not limited to, Division 30 of the Public Resources Code. The procedures will be updated pursuant to state and local regulations. As a licensed cultivator, nursery, manufacturer and/or distributor, Applicant shall adhere to these procedures.

### **Destruction of Cannabis Products Prior to Disposal**

No cannabis goods shall be disposed of as cannabis waste unless the cannabis goods have been removed from their packaging and rendered unrecognizable and unusable.

Applicant shall not sell cannabis waste.

### **Separation and Storage**

Cannabis waste will be separated into (1) cannabis material for production (extraction), (2) biodegradable and recyclable product or (3) material with any cannabis residue to be disposed of. Because all parts the cannabis plant will be used for flower or extraction, it is anticipated that there will be no psychoactive cannabis waste.

Non-cannabis (regular) and cannabis waste will be kept separate at the facility at all times for proper disposal as appropriate. The proposed facility will maintain separately marked containers for cannabis waste and non-cannabis waste. To allow for easy identification and recognition of the different streams, waste collection containers will be color coded.

To the extent that there is ever any psychoactive waste, it will be separated, rendered to be unusable and unrecognizable, and then composted or disposed of by Waste Management.

The Applicant shall dispose of cannabis waste in a secured waste receptacle or in a secured area on the licensed premises. "Secure waste receptacle" or "secured area" means that physical access to the receptacle or area is restricted to the licensee and its employees and the local agency, local agency franchiser, or permitted private waste hauler. Public access to the designated receptacle or area is prohibited.

Applicant shall do all the following:

1. Provide the State and local licensing authorities with the name of the entity hauling the waste;
2. Obtain documentation from the entity hauling the waste that indicates the date and time of each collection of cannabis waste at the licensed premises; and
3. Obtain a copy of the certified weight ticket, or other documentation prepared by the entity hauling the waste confirming receipt of the cannabis waste at one, or more, of the following solid waste facilities:
  - a. A manned fully permitted solid waste landfill or transformation facility;
  - b. A manned fully permitted composting facility or manned composting operation;
  - c. A manned fully permitted in-vessel digestion facility or manned in-vessel digestion operation;
  - d. A manned fully permitted transfer/processing facility or manned transfer/processing Operation; or
  - e. A manned fully permitted chip and grind operation.

### **Destruction of Cannabis Products Prior to Disposal**

No cannabis goods shall be disposed of as cannabis waste pursuant to section 5055 of this division unless the cannabis goods have been removed from their packaging and rendered unrecognizable and unusable.

The Applicant shall not sell cannabis waste.

### **Track and Trace**

If cannabis goods are being destroyed or disposed of, the Applicant shall record in the track and trace system the following additional information:

1. The name of the employee performing the destruction or disposal.
2. The reason for destruction or disposal.
3. The name of the entity being used to collect and process cannabis waste, pursuant to section 5055.

## **2.8 Storing, Handling and Use of Hazardous Substances**

Hazardous substances kept at the facility include standard agricultural items including gasoline, motor oils, lubricating oils, fertilizers, pesticides and household cleaning agents such as bleach.

Applicant will obtain a permit if there will be 55+ gallons of hazardous liquid materials, 200+ cubic feet of compressed gases and/or 500 pounds of solids.

Pursuant to MCC chapter 20.67.050.B.7, pesticides and fertilizers shall be labeled and stored to avoid contamination through erosion, leakage, or inadvertent damage from animals.

The applicant will maintain hazardous materials in a safe and protected manner compliant with all County of Monterey material handling requirements and will seek a hazardous materials handling permit if necessary.

### **Fertilizers**

Synthetic and natural fertilizers will be used in the cultivation area and will be stored in a separated area. Synthetic and natural pesticides to be used shall have active ingredients that are not illegal to use in the State of California because the residue is within the amount allowed to remain on the treated crop with “reasonable certainty of no harm” as set by the U.S. Environmental Protection Agency (EPA). Some of the pesticides may have bacterial-based insect pathogens or contain active ingredients that are food-grade essential oils.

### **Pesticides**

Applicant anticipates the use of pesticides in its cultivation and nursery operation.

### **Cleaning Agents**

Hazardous materials include household grade cleaning agents.

## **Hazardous Waste Disposal**

It is anticipated that all hazardous materials will be used for the operation and that there will be no hazardous byproduct from the cultivation operation. Therefore, it is anticipated that there will be no hazardous waste.

To the extent that there is hazardous waste, such waste will be transported to a hazardous waste facility for proper disposal. All hazardous materials will be disposed in accordance with local and state laws. Unused fertilizer/pesticide mixes will be disposed of at a hazardous waste facility.

## **2.9 Odor Management Plan**

Per MCC chapter 7.90.100A.8, odor prevention devices and techniques, such as a ventilation system with a carbon filter, shall be incorporated to ensure that odors from cannabis are not detectable offsite.

Odor from the greenhouses and processing buildings may be produced during harvest, which takes place once every 3 to 4 months and lasts approximately 2 to 3 days. The keys to Applicant’s odor control program are proper ventilation, odor control equipment that has specifications that are adequate for the size of the operation, and regular inspection and maintenance.

## Ventilation

The ventilation system needs to be properly designed taking into consideration the square footage and number of plants. A properly sized, installed and maintained ventilation system can help resolve two issues. First, having the grow rooms properly balanced will inhibit odors from escaping. Applicant will work with a reputable contractor for assistance with the design of the ventilation system.

## Carbon Filtration

Standard carbon scrubbers will be utilized as part of the air circulation and ventilation procedures and plans including inline ionization. This technique involves forcing the air circulating within the ventilation system through an activated carbon filter in order to filter out “scrub” odors and pathogens from the ventilated air.

The size and layout of the cultivation operation will determine the requirements for the carbon filtration system.

## Maintenance

As filters age and the activated carbon becomes clogged with impurities, it will be necessary to replace the carbon; filters will be regularly inspected and replaced per the manufacturer’s recommendation. In addition, the dust collector “sock” associated with the carbon filter should be changed as necessary for proper air flow. The Applicant’s CEO will be responsible for maintaining and inspecting the odor control system.

## 3 Operations Plan

### 3.1 Standard Operating Procedures

Applicant has a comprehensive operational manual that details policies and procedures for personnel and training. The operational manual includes policies and procedures for the purchasing and processing all products; regulatory compliance; quality control; inventory control; and staff descriptions. In addition, the employee handbook contains Applicant's employee policies and procedures as well as training guidelines.

Applicant's standard operating procedures are detailed in its operational manual. Below are a few of Applicant's operating procedures described below.

### 3.2 Regulatory Compliance

The Operations Plan provides procedures to ensure Applicant's compliance with state law and County of Monterey Municipal Code.

#### State Compliance

Applicant will comply with the Medical and Adult Use Cannabis Regulation and Safety Act (MAUCRSA) and implementing regulations, which has been passed by the State of California Legislature and became effective in 2017.

## Local Compliance

Applicant will comply with all applicable sections of the County of Monterey Municipal Code, including Chapter 21.67.050 – Regulations for cannabis cultivation, as follows:

1. Indoor and mixed-light cultivation and nurseries may be permitted provided that the cultivation occurs only within a greenhouse or industrial building that was permitted or legally established prior to January 1, 2016.
2. Indoor and mixed-light cultivation and nurseries may be permitted provided that the cultivation occurs only within a greenhouse or industrial building that was permitted or legally established prior to January 1, 2016.
3. In no case shall a building intended for residential use be used for the cultivation of cannabis.
4. Cannabis cultivation shall not be located within six hundred (600) feet of a school, public park, or drug recovery facility.
5. Until a track and trace program for the identification of permitted cannabis plants at a cultivation site is created by the California Department of Food and Agriculture, cultivators shall implement a County approved unique identification protocol. Unique identifiers shall be attached at the base of each plant and shall be traceable through the supply chain back to the cultivation site. Once a state program has been established, all cultivation activities permitted under this Chapter shall comply with the state requirements for unique identifiers and the trace and track program.
6. Security measures sufficient to restrict access to only those intended and to deter trespass and theft of cannabis or cannabis products shall be provided and maintained. If on-site security is utilized, such on-site security shall not use or possess firearms or other lethal weapons.
7. Pesticides and fertilizers shall be properly labeled and stored to avoid contamination through erosion, leakage, or inadvertent damage from rodents, pests, or wildlife.
8. Water conservation measures, water capture systems, or grey water systems shall be incorporated in cannabis cultivation operations in order to minimize use of water where feasible.
9. Cannabis plants shall not be visible from offsite. No visual markers indicating that cannabis is cultivated on the site shall be visible from offsite.

10. The owner shall ensure that the total canopy size of cannabis cultivated at the site does not exceed the cumulative canopy size authorized by State law or regulation. The owner and its licensees and permittees, operating on a site permitted pursuant to this Chapter, and with a commercial cannabis permit required pursuant to Chapter 7.90 of the Monterey County Code, shall ensure that the total canopy size of cannabis cultivation does not individually exceed the amounts authorized by County permits and State law.
11. Unless restricted under the terms or conditions of a Use Permit, permittees who hold a Use Permit for cannabis cultivation or nursery operations may transport their own cannabis grown onsite to another permitted and licensed cannabis business at an offsite facility provided the cultivation or nursery permittee hold a Type 11 state license or other applicable state license that allows for the transportation of cannabis. A separate Use Permit under this Section shall not be required for permittees that transport their own cannabis grown onsite to another permitted and licensed cannabis business at an offsite facility. Failure to adhere to County or State laws and regulations for cannabis transportation may be grounds for suspension or revocation of a Use Permit pursuant to Section 21.67.110 of the Monterey County Code.

### 3.3 Facility Maintenance and Policies

The interior and exterior of the facility, including driveways, sidewalks, parking strips, fire access roads and streets on or adjacent to the premises shall be kept in a clean and safe condition.

### 3.4 Quality Control Procedures

References to the Applicant or Company include its employees and agents. This procedure references California Code of Regulations (CCR) Title 16, Division 42 (“division”). Applicant shall comply with all applicable laws including, but not limited to. The procedures will be updated pursuant to state and local regulations.

Cannabis products, except for immature cannabis plants and seeds, are subject to quality assurance and testing prior to sale at a retailer, microbusiness, or nonprofit. As a licensed distributor, Applicant shall adhere to these procedures. As a licensed cultivator, nursery or manufacturer, Applicant shall ensure that products are distributed by a licensed distributor. The licensed distributor may be Applicant or a third party.

### Vendor Criteria

For each batch of cannabis product received by a supplier, there shall be an appropriate laboratory determination of satisfactory conformity to its finished product specification prior to release. Products failing to meet the established specifications or any other relevant quality criteria shall be rejected.

## Batch and Sample Storage

Applicant shall store the cannabis batches on the premises before testing and continuously until either of the following occurs:

1. The cannabis batch passes the testing requirements and is transported to a licensed retailer.
2. The cannabis batch fails the testing requirements pursuant to this division and is destroyed or transported to a manufacturer for remediation as allowed by State and local licensing authorities.

All cannabis goods batches are stored separately and distinctly from other cannabis goods batches.

Applicant shall ensure a label with the following information is physically attached to each container of each batch:

1. The manufacturer or cultivator's name and license number, who provided the batch;
2. The date of entry into the distribution premises storage area;
3. The unique identifiers and batch number associated with the batch;
4. A description of the cannabis goods with enough detail to easily identify the batch;
5. The weight of or quantity of units in the batch; and
6. The best-by, sell-by, or expiration date of the batch, if any.

## Licensed Testing Laboratory

Applicant shall arrange for a testing laboratory to obtain a representative sample of each cannabis batch at Applicant's licensed premises. Applicant shall contact a licensed testing laboratory and arrange for one of the following to occur:

1. A laboratory agent to come to Applicant's licensed premises to select a random sample for laboratory testing; or
2. Applicant to transport the entire batch to the laboratory, and a laboratory agent to select a random sample at the laboratory.

## Testing Sample

Applicant shall observe the laboratory agent select the random samples. The sampling shall occur on video with the batch number stated at the beginning of the video and a visible time and date indication on the video recording footage.

Applicant shall ensure that the batch size from which the sample is taken meets state requirements.

An employee of Applicant shall be physically present to observe the laboratory employee obtain the sample of cannabis goods for testing and shall ensure that the

increments are taken from throughout the batch. Applicant shall not assist the laboratory employee nor touch the cannabis goods or the sampling equipment while the laboratory employee is obtaining the sample.

The sampling shall be video recorded with the batch number stated at the beginning of the video and a visible time and date indication on the video recording footage. The video recordings shall be maintained for 180 days.

After the sample has been selected, both the distributor and the laboratory employee shall sign and date the chain of custody form, attesting to the sample selection having occurred.

After the sample has been selected, both Applicant and the laboratory agent shall sign and date a document, attesting to the sample selection having occurred.

After obtaining the sample, the testing laboratory representative shall maintain custody of the sample and transport it to the testing laboratory.

## Testing

In accordance with MAUCRSA, all cannabis and cannabis products shall be tested by a registered testing laboratory, prior to retail sale or dispensing, as follows:

1. Cannabis from dried flower shall, at a minimum, be tested for concentration, pesticides, mold, and other contaminants.
2. Cannabis extracts shall, at a minimum, be tested for concentration and purity of the product.

Regular evaluations of the quality of cannabis products should be conducted with the objective of verifying the consistency of the process and ensuring its continuous improvement.

In accordance with MAUCRSA, Applicant will outsource testing of all cannabis or cannabis products only to a licensed testing laboratory. Applicant's licensed suppliers/vendors will outsource testing to licensed laboratories.

In accordance with MAUCRSA, the licensed testing laboratory shall not handle, test, or analyze cannabis or cannabis products unless the licensed testing laboratory meets all of the following:

1. Is registered by the State Department of Public Health.
2. Is independent from all other persons and entities involved in the cannabis industry.
3. Follows the methodologies, ranges, and parameters that are contained in the scope of the accreditation for testing cannabis or cannabis products. The testing lab shall also comply with any other requirements specified by the State Department of Public Health.

4. Notifies the State Department of Public Health within one business day after the receipt of notice of any kind that its accreditation has been denied, suspended, or revoked.
5. Has established standard operating procedures that provide for adequate chain of custody controls for samples transferred to the licensed testing laboratory for testing.

In accordance with MAUCRSA, the licensed testing laboratory shall issue a certificate of analysis for each lot, with supporting data, to report both of the following:

1. Whether the chemical profile of the lot conforms to the specifications of the lot for compounds, including, but not limited to, all of the following:
  - a. Tetrahydrocannabinol (THC).
  - b. Tetrahydrocannabinolic Acid (THCA).
  - c. Cannabidiol (CBD).
  - d. Cannabidiolic Acid (CBDA).
  - e. The terpenes described in the most current version of the cannabis inflorescence monograph published by the American Herbal Pharmacopoeia.
  - f. Cannabigerol (CBG).
  - g. Cannabinol (CBN).
  - h. Any other compounds required by the State Department of Public Health.
2. That the presence of contaminants does not exceed the levels that are the lesser of either the most current version of the American Herbal Pharmacopoeia monograph or the State Department of Public Health. For purposes of this paragraph, contaminants includes, but is not limited to, all of the following:
  - a. Residual solvent or processing chemicals.
  - b. Foreign material, including, but not limited to, hair, insects, or similar or related adulterant.
  - c. Microbiological impurity, including total aerobic microbial count, total yeast mold count, *P. aeruginosa*, *aspergillus spp.*, *s. aureus*, aflatoxin B1, B2, G1, or G2, or ochratoxin A.
  - d. Whether the batch is within specification for odor and appearance.

In accordance with MAUCRSA, residual levels of volatile organic compounds shall be below the lesser of either the specifications set by the United States Pharmacopeia (U.S.P. Chapter 467) or those set by the State Department of Public Health. Cannabis products, except for immature cannabis plants and seeds, are subject to quality assurance and testing prior to sale at a licensed retailer, microbusiness, or nonprofit.

## Laboratory Testing Results

Upon issuance of a certificate of analysis by the testing laboratory that the cannabis batch has passed the testing requirements pursuant to this division, Applicant shall conduct a quality assurance review before distribution to ensure the labeling and packaging of the cannabis and cannabis products conform to the requirements of Chapter 6 of division 42.

After testing, all cannabis and cannabis products fit for sale may be transported only from Applicant's premises to the premises of a retailer, microbusiness, or nonprofit licensed by the State of California.

Cannabis or cannabis products shall not be sold pursuant to a license unless a representative sample of the cannabis or cannabis products has been tested by a licensed testing laboratory.

A sample "passes" a laboratory test when the sample meets the specifications above. When a batch from a manufactured or harvest batch passes, the cannabis products may be transported to one or more dispensaries.

A sample "fails" a laboratory test when it does not meet the specifications above. If a failed sample was collected from a batch and the batch could be remediated pursuant to section 5727 of this division, Applicant may remediate or transport or arrange for the transportation of the batch to a licensed cultivator or manufacturer for remediation.

Applicant shall not destroy a batch that failed laboratory testing and cannot be remediated under its distribution license.

## Quality-Assurance Review

When Applicant receives a certification of analysis stating that the sample meets specifications required by law, Applicant shall ensure the following before transport to one or more dispensaries:

1. The certificate of analysis received from the testing laboratory is the certificate of analysis that corresponds to the batch;
2. The label on the cannabis products is consistent with the certificate of analysis regarding cannabinoid content and contaminants required to be listed by law;
3. The packaging complies with applicable packaging laws including, but not limited to, Business and Professions Code section 26120;
4. The packaging is tamper evident. "Tamper evident" means a one-time-use seal is affixed to the opening of the package, allowing a person to recognize whether or not the package has been opened;
5. The weight or count of the cannabis batch comports with that in the track and trace system. Applicant shall use scales as required by the Act; and
6. All events up to this point have been entered into the track and trace system.

### 3.5 Packaging and Labeling

Applicant will adhere to State regulations and MCC Chapter 7.90.120 – Packaging and labeling requirements – for cannabis product packaging and labeling as follows:

1. Packages shall not be attractive to children.
2. Product labels shall include the following information displayed in a clear and legible font:
3. Manufacture date and source.
4. The statement “SCHEDULE 1 CONTROLLED SUBSTANCE.”
5. The statement “KEEP OUT OF REACH OF CHILDREN AND ANIMALS.” in bold print.
6. The statement “FOR MEDICAL USE ONLY” (if medical cannabis).
7. The statement “THE INTOXICATING EFFECTS OF THIS PRODUCT MAY BE DELAYED BY UP TO TWO HOURS.”
8. The statement “THIS PRODUCT MAY IMPAIR THE ABILITY TO DRIVE OR OPERATE MACHINERY. PLEASE USE EXTREME CAUTION.”
9. Packages containing only dried flower, will have a net weight of the cannabis written on the package.
10. A warning if nuts or other known allergens are used to make the product.
11. List of pharmacologically active ingredients, including, but not limited to, tetrahydrocannabinol, cannabidiol, and other cannabinoid content, the THC and other cannabinoid amount in milligrams per serving, servings per package, and the THC and other cannabinoid amount in milligrams for the package total.
12. Clear indication, in bold typeface, that the product contains cannabis.
13. Identification of the source and date of cultivation and manufacture.
14. Only generic food names may be used to describe edible cannabis products.
15. At any time between 8:00 a.m. and 8:00 p.m. and without notice, County officials may enter the premises and inspect the permittee’s cannabis products for the purpose of observing compliance.

### 3.6 Inventory Control and Storage

Applicant’s inventory procedures include:

- A description of the procedure for receiving shipments of inventory.
- Where the applicant’s inventory will be stored on the premises and how records of the inventory will be maintained.
- The procedure for performing inventory reconciliation and for ensuring that inventory records are accurate.

#### Receiving Shipments

Applicant shall receive a shipment of cannabis goods only from licensed cultivators, manufacturers, distributors, and testing laboratories.

Applicant shall accept shipments of cannabis goods only between the hours of 6:00 AM to 10:00 PM.

During business hours, shipments of cannabis goods shall be received in the designated receiving area.

Upon pick-up or receipt of cannabis goods for transport, storage, or inventory, Applicant shall ensure that the cannabis goods received are as described in the shipping manifest, and shall record acceptance and acknowledgment of the cannabis goods in the track and trace system.

Upon receiving the shipment, Applicant shall report the amount and/or weight of cannabis goods received. This will be in compliance with any State, County or City track and trace or seed to sale network or database.

If there are any discrepancies between the type or quantity specified in the shipping manifest and the type or quantity received by Applicant, Applicant shall record and document the discrepancy in the track and trace system and in any relevant business record.

## Storage

Applicant may store cannabis products on the licensed premises.

1. Cannabis products must be stored indoors.
2. Applicant shall ensure all cannabis batches are stored separately and distinctly from other cannabis batches on the premises.
3. Applicant shall ensure a label with the following information is physically attached to each container of each batch:
  - a. The manufacturer or transporter's name and license number;
  - b. The date of entry into the storage area;
  - c. The unique identifiers and batch number associated with the batch;
  - d. Description of product with enough detail to easily identify the batch; and
  - e. Weight of or quantity of units in the batch.
4. Cannabis products shall be stored in a building designed to permit control of temperature and humidity and shall prevent the entry of environmental contaminants such as smoke and dust. The area in which cannabis products are stored shall not be exposed to direct sunlight. Cannabis products may not be stored outdoors.
5. Employee break rooms, changing facilities, and bathrooms shall be completely separated from the storage areas.
6. Harvest batches and edible cannabis products shall be stored at 35 to 42 degrees Fahrenheit. In addition, harvest batches shall be stored in a darkened area with no more than 60% humidity.

## Inventory Reconciliation

Applicant shall reconcile all inventories of cannabis goods at least once every 30 days.

Applicant shall keep an inventory log containing the following information for each batch:

1. The manufacturer or cultivator's name and license number, who provided the batch;
2. The date of entry into the Applicant's premises;
3. The unique identifiers and batch number associated with the batch;
4. A description of the cannabis products with enough detail to easily identify the batch;
5. The weight of or quantity of units in the batch;
6. The best-by, sell-by, or expiration date of the batch, if any; and
7. Where on the premises the batch is kept

If Applicant finds a discrepancy between the inventory of stock and the inventory log or track and trace system that is outside of normal weight loss caused by moisture loss, Applicant shall commence a full audit of the batch in which the discrepancy was found.

## Track and Trace System Reconciliation

In addition to other inventory reconciliation requirements under this division, Applicant shall reconcile the physical inventory of cannabis goods at the licensed premises with the records in the track and trace database at least once every 14 days. If Applicant finds a discrepancy between its physical inventory and the track and trace system database, Applicant shall conduct an audit, and notify the State and local licensing authorities of any reportable activity pursuant to section 5036.

## Significant Discrepancy in Inventory

Applicant shall notify the State and local licensing authorities within 24 hours if, after the audit, there is a significant discrepancy in inventory.

## Notification of Theft, Loss, and Criminal Activity

If the account manager finds evidence of theft or diversion, Applicant shall immediately report the theft or diversion to the State and local licensing authorities. Applicant shall notify State and local licensing authorities within 24 hours of discovery of any of the following situations:

1. Applicant discovers a significant discrepancy as defined in section 5034 of this division in its inventory.
2. Applicant becomes aware of or has reason to suspect diversion, theft, loss, or any other criminal activity pertaining to the operations of Applicant.

3. Applicant becomes aware of or has reason to suspect diversion, theft, loss, or any other criminal activity by an agent or employee of Applicant pertaining to the operations of Applicant.
4. Applicant becomes aware of or has reason to suspect the loss or unauthorized alteration of records related to cannabis goods, customers, or Applicant's employees or agents.
5. Applicant becomes aware of or has reason to suspect any other breach of security.

The notification to State and local licensing authorities pursuant to this section shall be in writing and include the date and time of occurrence of the theft, loss, or criminal activity, the name of the local law enforcement agency that was notified, and a description of the incident including, where applicable, the item(s) that were taken or lost.

## Track and Trace Reporting

Applicant shall record in the track and trace system, all commercial cannabis activity, including any:

1. Packaging of cannabis goods.
2. Sale of cannabis goods.
3. Transportation of cannabis goods to Applicant.
4. Receipt of cannabis goods.
5. Return of cannabis goods.
6. Destruction and disposal of cannabis goods.
7. Laboratory testing and results.
8. Any other activity as required pursuant to this division, or by any other licensing authority.

The following information shall be recorded for each activity entered in the track and trace system:

1. Name and type of the cannabis goods.
2. Unique identifier of the cannabis goods.
3. Amount of the cannabis goods, by weight or count.
4. Date and time of the activity or transaction.
5. Name and license number of other licensees involved in the activity or transaction.
6. If the cannabis goods are being transported:
  - a. Applicant shall transport pursuant to a shipping manifest generated through the track and trace system, that includes items (1) through (5) above, as well as:
    - i. The name, license number, and premises address of the originating licensee.
    - ii. The name, license number, and premises address of Applicant transporting the cannabis goods.

- iii. The name, licensee number, and premises address of the destination licensee receiving the cannabis goods into inventory or storage.
    - iv. The date and time of departure from the licensed premises and approximate date and time of departure from each subsequent licensed premises, if any.
    - v. Arrival date and estimated time of arrival at each licensed premises.
    - vi. Driver's license number of the personnel transporting the cannabis goods, and the make, model, and license plate number of the vehicle used for transport.
  - b. Upon pick-up or receipt of cannabis goods for transport, storage, or inventory, Applicant shall ensure that the cannabis goods received are as described in the shipping manifest, and shall record acceptance and acknowledgment of the cannabis goods in the track and trace system.
  - c. If there are any discrepancies between the type or quantity specified in the shipping manifest and the type or quantity received by Applicant, Applicant shall record and document the discrepancy in the track and trace system and in any relevant business record.
- 7. If cannabis goods are being destroyed or disposed of, Applicant shall record in the track and trace system the following additional information:
  - a. The name of the employee performing the destruction or disposal.
  - b. The reason for destruction or disposal.
  - c. The name of the entity being used to collect and process cannabis waste, pursuant to section 5055.
- 8. Description for any adjustments made in the track and trace system, including, but not limited to:
  - a. Spoilage or fouling of the cannabis goods.
  - b. Any event resulting in exposure or compromise of the cannabis goods.
- 9. Any other information as required pursuant to this division, or by any other applicable licensing authorities.

Unless otherwise specified, all transactions must be entered into the track and trace system by 11:59 PM on the day the transaction occurred.

Applicant shall only enter and record complete and accurate information into the track and trace system, and shall correct any known errors entered into the track and trace system immediately upon discovery.

## Track and Trace Requirements

Applicant will utilize the California Cannabis Track-and-Trace (CCTT) system, which is the program used statewide to record the inventory and movement of cannabis and cannabis products through the commercial cannabis supply chain—from cultivation to sale. All state-issued annual cannabis licensees are required to use the CCTT-Metric system to record, track, and maintain information about their cannabis and cannabis-product inventories and activities. A unique identifier (UID) is an alphanumeric code or designation used to uniquely identify cannabis and cannabis products on a licensed premises. UIDs are specifically provisioned as plant tags or package labels. Applicant will be responsible for assigning a CCTT-Metric nonrepeating UID to each immature lot, flowering plant, and distinct cannabis product. This assignment is accomplished by issuing encrypted radio-frequency identification tags to annual licensees. The assigned UIDs then track the cannabis and cannabis products when they are transferred from one licensee to another.

The CCTT will enable Applicant to track any products in case a consumer safety issue arises.

Applicant shall create and maintain an active and functional account within the track and trace system prior to engaging in any commercial cannabis activity, including the purchase, sale, test, packaging, transfer, transport, return, destruction, or disposal, of any cannabis goods.

Applicant shall designate one individual owner as the track and trace system account manager. The account manager may authorize additional owners or employees as track and trace system users and shall ensure that each user is trained on the track and trace system prior to its access or use.

The account manager shall attend and successfully complete all required track and trace system training, including any orientation and continuing education. If the account manager did not complete the required track and trace system training prior to receiving the annual license, the account manager shall sign up for and complete state mandated training, as prescribed by State and local licensing authorities, within five business days of license issuance.

The account manager and each user shall be assigned a unique log-on, consisting of a username and password. The account manager or each user accessing the track and trace system shall only do so under his or her assigned log-on, and shall not use or access a log-on of any other individual. No account manager or user shall share or transfer his or her log-on, username, or password, to be used by any other individual for any reason.

The account manager shall maintain a complete, accurate, and up-to-date list of all track and trace system users, consisting of their full names and usernames.

Applicant shall monitor all compliance notifications from the track and trace system, and timely resolve the issues detailed in the compliance notification.

Applicant shall keep a record, independent of the track and trace system, of all compliance notifications received from the track and trace system, and how and when compliance was achieved.

If Applicant is unable to resolve a compliance notification within three business days of receiving the notification, Applicant shall notify State and local licensing authorities immediately. Applicant is accountable for all actions its owners or employees take while logged into or using the track and trace system, or otherwise while conducting track and trace activities.

## Loss of Access

If at any point Applicant loses access to the track and trace system for any reason, Applicant shall prepare and maintain comprehensive records detailing all commercial cannabis activities that were conducted during the loss of access.

Applicant shall both document and notify State and local licensing authorities immediately:

1. When access to the system is lost;
2. When it is restored; and
3. The cause for the loss of access.

Once access is restored, all commercial cannabis activity that occurred during the loss of access shall be entered into the track and trace system within three business days of access being restored.

Applicant shall not transport, transfer or deliver any cannabis goods until such time as access is restored and all information recorded in the track and trace system. The inventory control and storage procedure and technology are designed to track data in each phase that is carried forward throughout the entire process chain of the seed-to-sale system – growth, harvesting, processing, packaging, order fulfillment, shipping, delivery and payment of the cannabis, so that the cannabis can be traced forward through the entire process and backward from the point of delivery back to the clone and mother from which the product was produced.

The cultivation procedures and the inventory control plan are fully integrated to prevent the unauthorized distribution of cannabis and the diversion of medical cannabis and medical cannabis products to nonmedical use.

## Records

Applicant shall maintain the following records:

1. Records relating to branding, packaging and labeling
2. Inventory logs and records
3. Transportation bills of lading and shipping manifests for completed transports and for cannabis goods in transit
4. Vehicle and trailer ownership records
5. Quality-assurance records
6. Records relating to destruction of cannabis products
7. Laboratory-testing records
8. Warehouse receipts

Records relating to tax payments collected and paid

Records will be kept for a minimum of seven (7) years at the facility and will be available for inspection.

## 3.7 Transport

As a licensed distributor, Applicant will transport the cannabis products from the facility to licensed cultivators, manufacturers, distributors, testing laboratories and retailers.

This procedure references California Code of Regulations (CCR) Title 16, Division 42 (“division”). Applicant shall comply with all applicable laws. The procedures will be updated pursuant to state and local regulations.

### Notification of Fleet

The facility shall maintain a database and provide a list of the individuals and vehicles authorized to conduct transportation on behalf of the facility to the State, County or City governing body. For purposes of this application, any vehicle transporting cannabis goods between legal authorized cannabis licensees shall be considered an extension of the licensed premises.

### Notification of Shipment

Upon transporting any cannabis goods between legal authorized cannabis licensees, Applicant shall notify any as required by law of the type and amount and/or weight of Cannabis and/or Cannabis products being transported, the names of transporters, information about the transporting vehicle, times of departure and expected delivery.

## Transportation Request

Applicant shall maintain a physical copy of any and all transportation request (and/or invoice) and shall make it available upon request of agents or employees of the State, County or City requesting documentation.

## Transportation Manifest

Prior to transporting cannabis goods, Applicant shall generate a shipping manifest through the track and trace system for the following activities:

1. Testing and sampling;
2. Sale of cannabis goods to a licensee;
3. Destruction or disposal of cannabis goods; and
4. Any other activity, as required pursuant to this division, or by any other licensing authority.

Applicant shall securely transmit the manifest to the State and local licensing authorities and the licensee that will receive the cannabis goods prior to transporting the cannabis goods.

Applicant shall ensure and verify that the cannabis goods being taken into possession for transport at the originating licensed premises are as described and accurately reflected in the shipping manifest.

Applicant shall not take into possession or transport:

1. Any cannabis goods that are not on the shipping manifest; or
2. Any cannabis goods that are less than or greater than the amount reflected on the shipping manifest.

A complete printed transport manifest must be kept with the product at all times listing amount and/or weight of Cannabis and/or Cannabis products being transported. Manifest will include:

1. Transporting facility name, contact information of facility licensee representative, licensed premises address and license number of the licensee transporting the Cannabis items
2. Receiving facility name, contact information of the licensee representative, licensed premises address, and license number of the licensee receiving the delivery;
3. Product name and quantities (by weight or unit) of each Cannabis item contained in each transport
4. The date of transport and approximate time of departure
5. Arrival date and estimated time of arrival
6. Delivery vehicle make, model and license plate number
7. Name and signature of the licensee's representative accompanying the transport.

Applicant will not void or change a transportation manifest after departing from the originating licensed premises.

## Transportation Personnel

Individuals authorized to conduct transportation on behalf of Applicant shall

1. Be an employee of Applicant
2. Have a valid California Driver's License
3. Undergo a Fingerprint-Based Criminal History Records Check conducted by the City Police Department.
4. Be 21 years of age or older

## Transportation of Product

In order to prevent diversion of cannabis and cannabis product the facility will follow a strict policy of inventory control, which will include chain of custody reporting, weigh in and weigh out reporting, and eventually seed to sale product tracking. Cannabis or Cannabis products that are being transported will meet the following requirements:

1. A distribution employee transporting cannabis goods shall only travel between licensees shipping or receiving cannabis goods and its own licensed premises when engaged in the transportation of cannabis goods. The distribution employee may transport multiple shipments of cannabis goods at once in accordance with applicable laws.
2. During transportation, the individual conducting transportation on behalf of the facility shall maintain a copy of the facility's cannabis facility license and shall make it available upon request of agents or employees of the State, County or City requesting documentation.
3. Packages or containers holding cannabis goods shall not be tampered with, or opened, during transport.
4. Cannabis goods shall only be transported inside of a vehicle or trailer and shall not be visible or identifiable from outside of the vehicle or trailer.
5. Cannabis goods shall be locked in a box, container, or cage that is secured to the inside of the vehicle or trailer.
6. Vehicle transporting Cannabis or Cannabis products will travel directly from the shipping licensee to the receiving licensee and its own licensed premises and will not make any unnecessary stops in between except to other facilities receiving product.

## Transportation Vehicle

The facility shall transport cannabis products only in a vehicle that is:

1. Proof of ownership or a valid lease for any and all vehicles and trailers that will be used to transport cannabis goods;
2. The year, make, model, license plate number, and numerical Vehicle Identification Number (VIN) for any and all vehicles and trailers that will be used to transport cannabis goods
3. Proof of insurance for each vehicle and trailer used to transport cannabis goods at or above the legal requirement
4. At a minimum, all transport vehicles and trailers shall have a vehicle alarm system on. Motion detectors, pressure switches, duress, panic, and hold-up alarms may also be used.

## Receipt of Shipment

Upon receiving the shipment, Applicant or certified third-party lab receiving the product shall report the amount and/or weight of cannabis goods received. This will be in compliance with any State, County or City track and trace or seed to sale network or database.

## Records of Transportation

Records of all transportation will be kept for a minimum of three (3) years at the facility and will be available for inspection.

## Loss Reporting

Applicant will contact police immediately, or as soon as possible under the circumstances, if a vehicle transporting cannabis goods is involved in any accident that involves product loss.

## 3.8 Vendors

Applicant will verify that each vendor providing cannabis product for the operation has the requisite license from the State of California.

## 3.9 Recordkeeping

In accordance with MCC chapter 20.67.100.D.2 and State regulations, Applicant will keep accurate records of commercial cannabis activity.

Applicant will maintain an inventory control and reporting system that accurately documents the present location, amounts, and descriptions of all cannabis products throughout the distribution chain until purchase by or distribution. The inventory

control and reporting system shall comply with the track and trace program required by State regulations issued pursuant thereto.

Applicant shall have an electronic point of sale system that produces historical transactional data for review by the County of Monterey or designee for compliance and auditing purposes.

### 3.10 Security

Applicant will maintain facility security as required by Business and Professions Code section 26070 and MCC chapter 7.90.

#### Security Measures

Applicant shall provide adequate security on the premises, including lighting and alarms, to insure the safety of persons and to protect the premises from theft and other crimes. Applicant shall implement and maintain sufficient security measures to both deter and prevent unauthorized entrance into areas containing cannabis or cannabis products.

Security measures shall include, but are not limited to, the following:

1. Prevent individuals from loitering on the premises of the facility if they are not engaging in activity expressly related to the operations of the facility;
2. Establish limited access areas accessible only to authorized facility personnel;
3. Store all cannabis and cannabis products in a secured and locked safe room, safe, or vault, and in a manner as to prevent diversion, theft, and loss, except for limited amounts of cannabis and cannabis products used for display purposes, samples or immediate sale;
4. Install security cameras on site; and
5. Provide for on-site security personnel meeting the requirements and standards contained within Chapter 7.30 of the Monterey County Code. On-site security shall not carry firearms or other lethal weapons.

#### Entrance Security

The property has an existing 8-foot-high security fence with privacy paneling and barb wire top on the perimeter of the property. Two existing 20-foot-wide security gate entrances are located off of the driveway over 30 feet from Alisal Road.

Visitors to the facility will enter by vehicle through a locked security gate controlled by security personnel or an employee. Employees will have electric remote controlled access through the security gate.

## Limited Access Areas

“Limited-access” areas, accessible only by employees and contractors of Applicant, will be securely locked using commercial-grade, nonresidential door locks. A licensee shall also use commercial-grade, nonresidential door locks on all points of entry and exit to the licensed premises.

## Secure Storage

All cannabis and cannabis products shall be stored in a secured and locked safe room, safe or vault, and in a manner to prevent diversion, theft, and loss, except for limited amounts of cannabis used for display purposes, samples or immediate sale.

## Security Camera Monitoring

Applicant will install and maintain video monitoring equipment in proper working order. Security camera recording will be continuous, 24 hours per day, 7 days per week, to monitor interior and exterior areas of the facility as follows:

1. Areas where cannabis goods are weighed, packed, stored, loaded, and unloaded for transportation, prepared, or moved within the premises;
2. Limited-access areas;
3. Security rooms;
4. Areas storing a surveillance-system storage device with at least one camera recording the access points to the secured surveillance recording area; and
5. Entrances and exits to the premises, which shall be recorded from both indoor and outdoor vantage points.

The property will be monitored with a high-definition (HD) digital video surveillance system with a minimum camera resolution of 1280 × 720 pixels or as required. Each camera shall be permanently mounted and in a fixed location. Each camera shall be placed in a location that allows the camera to clearly record activity occurring within 20 feet of all points of entry and exit on the licensed premises, and allows for the clear and certain identification of any person and activities in all areas required to be filmed.

Applicant shall be responsible for ensuring that the security surveillance camera’s footage is remotely accessible. In addition, remote and real-time, live access to the video footage from the cameras shall be provided to the County of Monterey. Surveillance video recordings shall be maintained for a minimum of 30 days (or more per State regulations) and shall be made available to the County of Monterey upon request.

Camera locations will be indicated on the site plan for review by the County of Monterey.

## Alarm System

Applicant will have a professionally installed, maintained, and monitored alarm system. Sensors will be installed to detect entry and exit from all secure areas, and panic buttons installed in appropriate locations.

## Background Check

Every person listed as an owner, manager, supervisor, employee or volunteer, of Applicant must submit fingerprints and other information deemed necessary by the County of Monterey for a background check.

## Contact

Applicant shall provide the County with the name, telephone number, facsimile number, and e-mail address of a community relations contact to whom the public can provide notice of problems associated with the commercial medical cannabis operation. Applicant shall make a good faith effort to resolve problems without the need for intervention by the County.

## Notification

Applicant shall notify the Monterey County Sheriff's Office and the licensing authority within twenty-four (24) hours after discovering any of the following:

1. Significant discrepancies identified during inventory;
2. Diversion, theft, loss, or any criminal activity involving the facility or any agent or employee of the facility;
3. Any other breach of security.

## 4 Project Plans

## 5 Water Quality Analysis

## 6 Bacteriological Analysis With Chlorine Residual

## 7 Well Completion Report

## 8 Onsite Wastewater Treatment System (OWTS) Feasibility Report

## 9 Hazardous Materials Questionnaire

## 10 Cross Connection Control Survey

## 11 Declaration for Unregulated Water System