

Exhibit C

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**EXHIBIT C
DRAFT RESOLUTION**

**Before the Planning Commission in and for the
County of Monterey, State of California**

In the matter of the application of:

CEA DEVELOPMENT LLC (PLN170423)

RESOLUTION NO. ----

Resolution by the Monterey County Planning
Commission:

- 1) Find that a change of use within existing greenhouse and warehouse facilities is not an expansion of use beyond what existed at the time of the lead agency's determination, which qualifies as a Class 1 Categorical Exemption per Section 15301 of the CEQA Guidelines and none of the exceptions under Section 15300.2 apply; and
- 2) Approve a Use Permit to allow
 - a. Approximately 178,080 square feet of greenhouse space for mixed light commercial cannabis cultivation, and nursery operations within existing greenhouses; and
 - b. Non-volatile manufacturing operations within an existing 6,600 square commercial building.

[PLN170423, CEA Development LLC, 2274 Alisal Road, Salinas, CA (APN: 153-011-057-000)]

The CEA Development LLC application (PLN170423) came on for public hearing before the Monterey County Planning Commission on October 31, 2018. Having considered all the written and documentary evidence, the administrative record, the staff report, oral testimony, and other evidence presented, the Planning Commission finds and decides as follows:

FINDINGS

1. **FINDING:** **CONSISTENCY** – The Project, as conditioned, is consistent with the applicable plans and policies which designate this area as appropriate for development.
EVIDENCE:
 - a) An application for a Use Permit to allow a commercial cannabis operations at 2274 Alisal Road, Salinas was filed on November 11, 2017 and was deemed complete on September 26, 2018.
 - b) During the course of review of this application, the project has been reviewed for consistency with the text, policies, and regulations in:
 - the 2010 Monterey County General Plan;
 - Greater Salinas Area Plan;

- Monterey County Zoning Ordinance (Title 21);

No conflicts were found to exist. No communications were received during the course of review of the project indicating any inconsistencies with the text, policies, and regulations in these documents.

- c) The property is located at 2274 Alisal Road, Salinas (Assessor's Parcel Number 153-011-057-000), Greater Salinas Area Plan area. The parcel is zoned Farmlands 40 acre minimum (F-40), which allows commercial cannabis cultivation and non-volatile manufacturing subject to the requirements of Chapter 21.67 of the Monterey County Code. Therefore, the project is an allowed land use for this site.
- d) The proposed application involves no changes to the exterior of the existing space.
- e) Operation Plan: An Operation Plan has been submitted for the proposed commercial cannabis use that address the minimum regulations contained in Section 21.67.040.B of the Zoning Ordinance Title 21.
- f) Location: The greenhouses will be located in a Farmlands zoning district, is more than 600 feet from the nearest school, public park or drug recover facility.
- g) Unique Identifiers: Cultivations Plan (**Exhibit C-3**) describes how the applicant would implement a Unique Identifier program that is capable of tracking each plant and room. The Unique Identifier program would be linked with the appropriate track and trace program as well as the produce recall procedures if necessary.
- h) Security: The Security Plan provides a detailed description of security measures to be implemented on-site. The proposed security measures have been reviewed by the RMA, and include 24-hour on-site security, video surveillance, security lighting, perimeter fencing, interior area access control, comprehensive alarm security system, and camera monitoring equipment for inventory control.
- i) Sheriff Notification: The Operation Plan describes the proposed operational procedures for preventing theft & diversion, on-site consumption, and loitering. The plan indicates that employees will be trained on procedures and requirements and the Sheriff's office will be notified within 24 hours of any discrepancies, theft, suspicious activity, or other breach in security.
- j) Packaging and Labeling: Dried flower will be packaged in a child resistant container with an unbroken seal prior to providing the product to patients. Product will be tested by a third party laboratory and test results will be clearly labeled on the packaging.
- k) Pesticides and Fertilizers: Environmental Plan page 9 describe how measures would be taken to avoid the need for use of pesticides using facility controls and cultivation techniques that are created to avoid common pests and fungi in cannabis plants. If needed, any fungicide used at the site would be a certified organic product. The greenhouse operators would register with the Agricultural Commissioner's office for the storage and use of pesticides.
- l) Energy Efficiency: Energy management plan pages 3,9 and 10 has been implemented in the project operations.

- m) Other Illegal drugs: The Operations Plan does not propose to permit the dispensing or delivery of any non-cannabis related controlled substances.
- n) Any cultivation or nursery business operating at the site will be required to obtain the appropriate Commercial Cannabis Business Permits pursuant to Chapter 7.90 of the Monterey County Code, a Business License pursuant to Chapter 7.100 of the Monterey County Code, and proper cultivation, nursery, non-volatile manufacturing, and self-transportation licenses from the State. These other licenses and entitlements will ensure ongoing monitoring of compliance with the plans and operational requirements. Failure to obtain and maintain all required permits, licenses, and entitlements may be ground for revocation of this permit.
- o) There is no LUAC for the Greater Salinas area.
- p) The application, project plans, and related support materials submitted by the project applicant to Monterey County RMA-Planning for the proposed development found in Project File PLN170423.

2. **FINDING:** **SITE SUITABILITY** – The site is physically suitable for the use proposed.

- EVIDENCE:**
- a) The project has been reviewed for site suitability by the following departments and agencies: RMA- Planning, Monterey County Regional Fire District, RMA-Public Works, RMA-Environmental Services, Environmental Health Bureau, Agricultural Commissioner’s Office, and Water Resources Agency. There has been no indication from these departments/agencies that the site is not suitable for the proposed development. Conditions recommended have been incorporated.
 - b) Location/Zoning - The proposed application involves the use of existing greenhouses and an indoor processing building on the site. Within the F/40 Farmland, (F) Zoning District, indoor and mixed-light cultivation and nurseries are subjected to a Use Permit provided that the operations occur within a greenhouse or indoor building that was permitted or legally established before January 1, 2016. County records indicant building permits were issued between 1988 and 1994 for the development of the existing greenhouses and indoor processing building onsite. The existing greenhouses and indoor processing building are provided on the attached site plans (**Exhibit C-2**).
 - c) Greenhouse or industrial building legally established prior to January 1, 2016 - The site has historically been used for agricultural production with the existing greenhouses. The project is proposed within the confinement of the area of cannabis cultivation, processing, and manufacturing to these existing spaces as depicted on the site plan (**Exhibit C-2**).
 - d) Parking & Access - The proposed location is an agricultural property with existing greenhouse structures. The proposed use is similar in character to existing and surrounding uses. Parking and access are provided on-site. RMA-Public Works requires improvements to existing roadway connection/pavement to Alisal Road (Condition 10).
 - e) Water Conservation - Water conservation measures, water capture systems, and/or grey water systems shall be incorporated in cannabis

cultivation operations to minimize use of water where feasible. The site has an existing well providing adequate flow and high water quality without treatment, and therefore no additional infrastructure is required to establish a public water system. (**Exhibit C-4**). The project is designed to retain all runoff water onsite complying with (Condition No. 13) and the Monterey County flood and storm water control policies.

Renewable Energy - On site, renewable energy generation shall be required for all indoor i.e (processing building) cannabis related activities. Renewable energy systems shall be designed to have a generation potential equal to or greater than one-half of the anticipated energy demand.

- f) The application, project plans, and related support materials submitted by the project applicant to the Monterey County RMA - Planning for the proposed development found in Project File PLN170423.

3. **FINDING:**

HEALTH AND SAFETY - The establishment, maintenance, or operation of the project applied for will not under the circumstances of this particular case be detrimental to the health, safety, peace, morals, comfort, and general welfare of persons residing or working in the neighborhood of such proposed use, or be detrimental or injurious to property and improvements in the neighborhood or to the general welfare of the County.

EVIDENCE:

- a) The project was reviewed by the Planning, Monterey County Regional Fire District, Public Works, Environmental Health Bureau, and Water Resources Agency. The respective agencies have recommended conditions, where appropriate, to ensure that the project will not have an adverse effect on the health, safety, and welfare of persons either residing or working in the neighborhood.
- b) Necessary public facilities are available including onsite well, septic-systems, and PG&E utilities. The water and septic systems have been tested to ensure they comply with the relevant health standards.
- c) Operational plans including security, tracking, reporting, sustainability measures, and other relevant information are proposed to address regulatory requirements and minimize impacts at the site and in the surrounding areas (See also Finding 1 with relevant evidences).
- d) Any commercial cannabis activities operating at the site will be required to obtain a Business Permit pursuant to Chapter 7.90 of the Monterey County Code, a Business License pursuant to Chapter 7.100 of the Monterey County Code, and beginning January 1, 2018 a license from the State. These other licenses and entitlements will ensure ongoing monitoring of compliance with the plans and operational requirements.
- e) The Environmental Health Bureau will require that the facilities be designed to meet or exceed the requirements of the California Health and Safety Code, Division 104, Part 7, California Retail Food Code and the Agricultural Commissioner's Office will inspect packaging, labeling, and weighing devices used onsite.
- f) The application, project plans, and related support materials submitted by the project applicant to the Monterey County RMA - Planning for the proposed development found in Project File PLN170423.

4. **FINDING:** **NO VIOLATIONS** - The subject property is in compliance with all rules and regulations pertaining to zoning uses.
- EVIDENCE:** a) Staff reviewed Monterey County RMA - Planning and Building Services Department records and is aware that commercial cannabis cultivation is operating on subject property without a Use Permit.
- b) Staff researched County records to assess if any violation exists on the subject property. There are no known violations on the parcel.
- c) The application, plans and supporting materials submitted by the project applicant to Monterey County RMA-Planning for the proposed development are found in Project File PLN170423.
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5. **FINDING:** **STATE AND COUNTY REQUIREMENTS:** - The cannabis business, as proposed, has demonstrated that it can and will comply with all of the requirements of the State and County to operate a commercial cannabis cultivation, nursery, and non-volatile manufacturing business.
- EVIDENCE** a) Operational plans including security measures, track and trace programs, monitoring and reporting requirements, packaging and labeling standards, sustainability measures, and other relevant information are proposed to address regulatory requirements contained in Section 21.67.040 of the Inland Zoning Ordinance Title 21 (See also Finding 1 with relevant evidences).
- b) Any commercial cannabis uses operating at the site will be required to obtain a Business Permit pursuant to Chapter 7.90 of the Monterey County Code, a Business License pursuant to Chapter 7.100 of the Monterey County Code, and beginning January 1, 2018 a license from the State. These other licenses and entitlements will ensure ongoing monitoring of compliance with the plans and operational requirements on the local and State level. Failure to obtain and maintain all required permits, licenses, and entitlements may be ground for revocation of this permit.
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6. **FINDING:** **REQUIRED SET BACKS:** - Commercial cannabis business will not take place within six hundred feet (600) from any school, public park, or drug recovery facility.
- EVIDENCE:** a) The greenhouse will be located at 2274 Alisal Road, Salinas, CA (Assessor's Parcel Number: 153-011-057-000).
- b) The nearest school is Bardin Elementary on Bardin Rd, over 2.2 miles away.
- c) There are no schools, parks, or drug recovery facilities located within 600 feet from the proposed cultivation site.
- d) There are no known drug recovery facilities in the area.
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7. **FINDING:** **LESS THAN SIGNIFICANT IMPACTS:** - Operation of this commercial cannabis business, as approved and conditioned, will not result in significant unavoidable impacts on the environment.
- EVIDENCE:** a) The project would allow a commercial cannabis cultivation site on private property zoned F/40. No physical improvements are proposed besides minor upgrades to existing structures.

- b) As proposed and conditioned, the project can be categorically exempt from the California Environmental Quality Act (See Finding 10).
- c) The project entails only a change in agricultural plant types within existing structures on the site. The change in plant types would involve no material expansion of the existing use. Physical improvements to the site are limited to minor upgrades to existing structures. No grading or development outside of existing building footprints will be taking place, and therefore no new runoff will be created as an impact to adjacent roadways. Since this site was previously used for a plant cultivation operation, the amount of traffic generated by staff will not increase over historical use, so no new impacts are will occur with regard to traffic volumes in the area. The applicant anticipates having less than 25 employees on site for the operation of the business. This means the water service would not qualify as a Public Water System. The project has been conditioned (Condition No. 14) to ensure that if at some time the number of employees expands to more than 25 employees, the owner/applicant will apply for and obtain a State Public Water System permit.

8. **FINDING:** **MINIMIZE NUISANCES:** - The cultivation use includes adequate measures that minimize, to the extent feasible, nuisances to the immediate neighborhood and community including minimizing the detection of odor from offsite, minimizing the effects of loitering, providing adequate security measures, and not exceeding the Use Permit's limits on hours of operation.

- EVIDENCE:**
- a) Plans and materials contained in the file (PLN170423) include measures to minimize nuisances within the area. A 24-hour contact will be available to address issues and concerns that may arise as a result of the operation.
 - b) Odor control measures are proposed to include FogCo misting devices in the building exhaust system.
 - c) Security measures and protocols are proposed that would minimize risk of theft, diversion, and loitering.
 - d) Ongoing monitoring and inspection for compliance with the plans and regulations will be required.

9. **FINDING:** **FEDERAL COMPLIANCE** – The cultivation use will provide adequate measures that address the federal enforcement priorities for cannabis activities including providing for restriction on drugged driving, restricting access to minors, prohibiting use or possession of firearms for security purposes at the premises, and ensuring that commercial cannabis and commercial cannabis products are supplied from permitted and licensed sources.

- EVIDENCE:**
- a) There will be no sale of cannabis on-site. Labels on products sold to a dispensary will contain warnings regarding impaired ability to operate machinery. Track and Trace measures are proposed and required to ensure all products purchased or provided to a dispensary come from permitted sources.
 - b) Background checks of all employees, volunteers, principles, directors, and board members will be conducted. Any person previously convicted

of a felony will not be employed, nor will any vendors or contractors who have been convicted of a felony be allowed regular or extended access to restricted areas of the facility.

- c) Any commercial cannabis business operating at the site will be required to obtain a Business Permit pursuant to Chapter 7.90 of the Monterey County Code, a Business License pursuant to Chapter 7.100 of the Monterey County Code, and beginning January 1, 2018 a license from the State. These other licenses and entitlements will ensure ongoing monitoring of compliance with the plans and operational requirements on the local and State level.
- d) Violations of Federal Enforcement priorities may be grounds for revocation of this permit.

10. **FINDING:** **CEQA (Exempt):** - The project is categorically exempt from environmental review and no unusual circumstances were identified to exist for the proposed project.

- EVIDENCE:**
- a) California Environmental Quality Act (CEQA) Guidelines Section 15301, categorically exempts permitting, licensing, and minor alterations of existing structures and facilities involving negligible or no expansion of use beyond that existing.
 - b) The project entails a change in agricultural use within existing greenhouse structures on the lot. Improvements are limited to the installation of rolling benches in greenhouses to achieve 80% canopy coverage.
 - c) None of the exceptions under CEQA Guidelines Section 15300.2 apply to this project. The project is located within an existing structure that has adequate services available to serve the proposed use. There are no physical changes proposed that may cause an impact to historic resources or visual resources.
 - d) The applicant has proposed appropriate operational plans and details to minimize nuisances in the vicinity including odor and security measures (See the preceding Findings and Evidence).
 - e) The project entails only a change in agricultural plant types within existing structures on the site. The change in plant types would involve no material expansion of the existing use. Physical improvements to the site are limited to minor upgrades to existing structures. No grading or development outside of existing building footprints will be taking place, and therefore no new runoff will be created as an impact to adjacent roadways. Since this site was previously used for a plant cultivation operation, the amount of traffic generated by staff will not increase over historical use, so no new impacts are will occur with regard to traffic volumes in the area. The applicant anticipates having less than 25 employees on site for the operation of the business. This means the water service would not qualify as a Public Water System. The project has been conditioned (Condition No. 14) to ensure that if at some time the number of employees expands to more than 25 employees, the owner/applicant will apply for and obtain a State Public Water System permit.

- f) The application, project plans, and related support materials submitted by the project applicant to Monterey County RMA-Planning for the proposed development found in Project File PLN170423.

11. **FINDING:** **APPEALABILITY** - The decision on this project may be appealed to the Board of Supervisors.

- EVIDENCE:**
- a) Section 21.80.040.D of the Monterey County Zoning Ordinance states that the proposed project is appealable to the Board of Supervisors.
 - b) The project is not located in the Coastal Zone.

DECISION

NOW, THEREFORE, based on the above findings and evidence, the Planning Commission does hereby:

1. Find that a change of use within existing greenhouse and warehouse facilities is not an expansion of use beyond what existed at the time of the lead agency's determination, which qualifies as a Class 1 Categorical Exemption per Section 15301 of the CEQA Guidelines and none of the exceptions under Section 15300.2 apply; and
2. Approve a Use Permit to allow
 - a. Approximately 178,080 square feet of greenhouse space for mixed light commercial cannabis cultivation, and nursery operations within existing greenhouses; and
 - b. Non-volatile manufacturing operations within an existing 6,600 square commercial building.

PASSED AND ADOPTED this 31st day of October, 2018 upon motion of _____, seconded by _____, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Jacqueline R. Onciano, Planning Commission Secretary

COPY OF THIS DECISION MAILED TO APPLICANT ON

THIS APPLICATION IS APPEALABLE TO THE BOARD OF SUPERVISORS.

IF ANYONE WISHES TO APPEAL THIS DECISION, AN APPEAL FORM MUST BE COMPLETED AND SUBMITTED TO THE CLERK TO THE BOARD ALONG WITH THE APPROPRIATE FILING FEE ON OR BEFORE [DATE]

This decision, if this is the final administrative decision, is subject to judicial review pursuant to California Code of Civil Procedure Sections 1094.5 and 1094.6. Any Petition for Writ of Mandate must be filed with the Court no later than the 90th day following the date on which this decision becomes final.

NOTES

1. You will need a building permit and must comply with the Monterey County Building Ordinance in every respect.

Additionally, the Zoning Ordinance provides that no building permit shall be issued, nor any use conducted, otherwise than in accordance with the conditions and terms of the permit granted or until ten days after the mailing of notice of the granting of the permit by the appropriate authority, or after granting of the permit by the Board of Supervisors in the event of appeal.

Do not start any construction or occupy any building until you have obtained the necessary permits and use clearances from Monterey County RMA-Planning and RMA-Building Services Department office in Salinas.

2. This permit expires 3 years after the above date of granting thereof unless construction or use is started within this period.

Monterey County RMA Planning

DRAFT Conditions of Approval/Implementation Plan/Mitigation Monitoring and Reporting Plan

PLN170423

1. PD001 - SPECIFIC USES ONLY

Responsible Department: RMA-Planning

Condition/Mitigation Monitoring Measure: This Use permit (PLN170423) allows commercial cannabis cultivation and nursery totaling up to 6,600 total square feet of canopy area, within existing greenhouses, and to allow processing self-distribution, and non-volatile manufacturing within an existing warehouse. The property is located at 2274 Alisal Road (Assessor's Parcel Number 153-011-057-000), Greater Salinas Area Plan. This permit was approved in accordance with County ordinances and land use regulations subject to the terms and conditions described in the project file. Neither the uses nor the construction allowed by this permit shall commence unless and until all of the conditions of this permit are met to the satisfaction of the Director of RMA - Planning. Any use or construction not in substantial conformance with the terms and conditions of this permit is a violation of County regulations and may result in modification or revocation of this permit and subsequent legal action. No use or construction other than that specified by this permit is allowed unless additional permits are approved by the appropriate authorities. To the extent that the County has delegated any condition compliance or mitigation monitoring to the Monterey County Water Resources Agency, the Water Resources Agency shall provide all information requested by the County and the County shall bear ultimate responsibility to ensure that conditions and mitigation measures are properly fulfilled. (RMA - Planning)

Compliance or Monitoring Action to be Performed: The Owner/Applicant shall adhere to conditions and uses specified in the permit on an ongoing basis unless otherwise stated.

2. PD002 - NOTICE PERMIT APPROVAL

Responsible Department: RMA-Planning

Condition/Mitigation Monitoring Measure: The applicant shall record a Permit Approval Notice. This notice shall state:
"A Use Permit (Resolution Number 18-000) was approved by the Planning Commission for Assessor's Parcel Number 153-011-057-000 on October 31, 2018. The permit was granted subject to 13 conditions of approval which run with the land. A copy of the permit is on file with Monterey County RMA - Planning."

Proof of recordation of this notice shall be furnished to the Director of RMA - Planning prior to issuance of grading and building permits, Certificates of Compliance, or commencement of use, whichever occurs first and as applicable. (RMA - Planning)

Compliance or Monitoring Action to be Performed: Prior to the issuance of grading and building permits, certificates of compliance, or commencement of use, whichever occurs first and as applicable, the Owner/Applicant shall provide proof of recordation of this notice to the RMA - Planning.

3. PD006(A) - CONDITION COMPLIANCE FEE

Responsible Department: RMA-Planning

Condition/Mitigation Monitoring Measure: The Owner/Applicant shall pay the Condition Compliance fee, as set forth in the fee schedule adopted by the Board of Supervisors, for the staff time required to satisfy conditions of approval. The fee in effect at the time of payment shall be paid prior to clearing any conditions of approval.

Compliance or Monitoring Action to be Performed: Prior to clearance of conditions, the Owner/Applicant shall pay the Condition Compliance fee, as set forth in the fee schedule adopted by the Board of Supervisors.

4. OPERATIONAL COMPLIANCE INSPECTIONS

Responsible Department: RMA-Planning

Condition/Mitigation Monitoring Measure: The owner and permittees shall allow access to the premises and access to records if requested by the County, its officers, or agents, and shall pay for an annual inspection and submit to inspections from the County or its officers to verify compliance with all relevant rules, regulations, and conditions.

Compliance or Monitoring Action to be Performed: Ongoing during cannabis operations. The owner and/or permittee shall allow access to the site if requested by the County and pay any required inspection fees.

5. INSPECTION OF RECORDS

Responsible Department: RMA-Planning

Condition/Mitigation Monitoring Measure: The applicant, owner, and permittees agree to submit to and pay for, inspection of the operations and relevant records or documents necessary to determine compliance with Chapter 21.67 from any enforcement officer of the County or their designee.

Compliance or Monitoring Action to be Performed: On-going during cannabis operations. The owner and/or permittee shall allow access to cannabis business records and pay any required inspection fees.

6. COMMERCIAL CANNABIS PERMIT

Responsible Department: RMA-Planning

Condition/Mitigation Monitoring Measure: Any person, business, or entity operating a commercial cannabis activity on the property shall obtain a valid and fully executed Commercial Cannabis Business Permit pursuant to Chapter 7.90 of the Monterey County Code prior to commencing commercial cannabis activities at the site and must maintain such permits in good standing in order to continue operations.

Compliance or Monitoring Action to be Performed: Within 90 days of approval of a Use Permit/Coastal Development Permit, the person, business, and/or entities operating commercial cannabis activities shall obtain all required Commercial Cannabis Business Permits.

7. GROUNDS FOR REVOCATION

Responsible Department: RMA-Planning

Condition/Mitigation Monitoring Measure: The property owner shall be responsible for ensuring that all commercial cannabis activities at the site operate in good standing with all permits and licenses required by the Monterey County Code and State law. Failure to take appropriate action to evict or otherwise remove permittees and persons conducting commercial cannabis activities at the site who do not maintain permits and licenses in good standing with the County and State shall be grounds for the suspension or revocation of this permit.

Compliance or Monitoring Action to be Performed: On-going during cannabis operations at the site. The owner shall ensure that all commercial cannabis operations have obtained and maintain all required permits, licenses, and entitlements or take appropriate actions to evict operators who do not maintain appropriate permits, licenses, and entitlements.

8. COMPLIANCE WITH OPERATIONS PLANS

Responsible Department: RMA-Planning

Condition/Mitigation Monitoring Measure: The commercial cannabis activities shall be maintained in accordance with the operation plans approved by the County.

Compliance or Monitoring Action to be Performed: On-going during cannabis operations. Cannabis activities shall comply with the operations plans attached to this permit and as may be approved under a Commercial Cannabis Business Permit.

9. ODOR CONTROL

Responsible Department: RMA-Planning

Condition/Mitigation Monitoring Measure: The property owner shall ensure that any cannabis business operating on -site conforms to Section 7.90.100.A.8 of the Monterey Code, as may be amended. Odor prevention devices and techniques, such as ventilation system with a carbon filter, shall be incorporated to ensure that odors from cannabis are not detectable off-site.

Compliance or Monitoring Action to be Performed: Prior to issuance of Commercial Cannabis Business Permits, the owner/applicants shall provide plans and information to the satisfaction of the Chief of Planning, describing how odors will be controlled and how the odor control devices will be maintained.

Odor prevention devices shall be maintained in accordance with approved odor control plans during the life of the operations.

10. PWSP0001 – DRIVEWAY IMPROVEMENTS

Responsible Department: RMA-Public Works

Condition/Mitigation Monitoring Measure: Applicant/Owner shall improve the existing roadway connection/pavement to Alisal Road. Clearing/grading of drainage ditch along the property frontage and culverts under private driveways, as necessary, to provide sufficient flow. Drainage in this area shall be evaluated as part of this proposed project, and, as needed, improvements will be required to maintain drainage and safe access to the project site.

Trimming/removal of existing vegetation along the property frontage driveways. The project will be required to trim or remove the vegetation as necessary, and continue to maintain the vegetation, to provide sight visibility at the driveways.

Compliance or Monitoring Action to be Performed: Design and construct driveway/roadway improvements to insure proper drainage. Show all proposed improvements on site plan for the intersection of Alisal Road and private driveways. Improvements are to be completed prior to occupancy or commencement of use. Encroachment permits are required for work done within the county right of way. Applicant is responsible to obtain all permits and environmental clearances.

11. PW0007 - PARKING STANDARD

Responsible Department: RMA-Public Works

Condition/Mitigation Monitoring Measure: The parking stalls and circulation shall meet County standards, and shall be subject to the approval of the RMA.

Compliance or Monitoring Action to be Performed: Prior to Building/Grading Permits Issuance, the Owner's/Applicant's engineer/architect shall prepare a parking plan and submit plans for review and approval.

12. PD003(A) - CULTURAL RESOURCES NEGATIVE ARCHAEOLOGICAL REPORT

Responsible Department: RMA-Planning

Condition/Mitigation Monitoring Measure: If, during the course of construction, cultural, archaeological, historical or paleontological resources are uncovered at the site (surface or subsurface resources) work shall be halted immediately within 50 meters (165 feet) of the find until a qualified professional archaeologist can evaluate it. Monterey County RMA - Planning and a qualified archaeologist (i.e., an archaeologist registered with the Register of Professional Archaeologists) shall be immediately contacted by the responsible individual present on-site. When contacted, the project planner and the archaeologist shall immediately visit the site to determine the extent of the resources and to develop proper mitigation measures required for recovery.
(RMA - Planning)

Compliance or Monitoring Action to be Performed: The Owner/Applicant shall adhere to this condition on an on-going basis.

Prior to the issuance of grading or building permits and/or prior to the recordation of the final/parcel map, whichever occurs first, the Owner/Applicant shall include requirements of this condition as a note on all grading and building plans. The note shall state "Stop work within 50 meters (165 feet) of uncovered resource and contact Monterey County RMA - Planning and a qualified archaeologist immediately if cultural, archaeological, historical or paleontological resources are uncovered."

When contacted, the project planner and the archaeologist shall immediately visit the site to determine the extent of the resources and to develop proper mitigation measures required for the discovery.

13. WRSP01 - ON-SITE ROOF RUNOFF RETENTION CERTIFICATION

Responsible Department: Water Resources Agency

**Condition/Mitigation
Monitoring Measure:**

The owner/applicant shall provide certification from a registered civil engineer that the existing greenhouses and any newly reconstructed greenhouses/warehouses are equipped with stormwater retention/percolation facilities which have been properly maintained/installed and are operating as required (i.e., in accordance with the flood and storm water control policies for the Spence/Potter/Encinal Road area & the 25-year rainfall on-site retention requirement). In addition to retention, flood flows in excess of the 25-year design storm shall be received by water bodies and not detained. The project is located in the Water Resources Agency's (WRA) Zone 9 Reclamation Ditch watershed. Within this zone the policy is to not detain stormwater because discharges from detention ponds can compound flooding hazards by releasing flows later than under natural conditions and coincide with peak discharge from the watershed. This increases the flood hazards to downstream properties and waterbodies. Therefore, all stormwater in excess of on-site retention requirements shall be received by those water bodies including Alisal Creek part of the WRA's Zone 9 Reclamation Ditch which performs important flood conveyance functions. Prior to approval of the cannabis business license, the on-site retention certification shall be submitted to the WRA for review and approval. (Water Resources Agency)

**Compliance or
Monitoring
Action to be Performed:**

The owner/applicant shall incorporate measures to control flood and storm water in a manner consistent with the Spence Road Master Drainage Plan and other applicable policies. As described in the plan, in 1985 Monterey County initiated a program for the control of flow from the roofs of all new greenhouses. The construction of new greenhouses is contingent upon demonstrating that the increased runoff from the greenhouses can be disposed of on-site.

Prior to approval of the cannabis business license, the on-site retention certification verifying on-site disposal/infiltration of storm water runoff shall be submitted to the Water Resources Agency for review and approval.

14. EHSP01 – DEED RESTRICTION AND DECLARATION FOR AN UNREGULATED, NON-PUBLIC WATER SYSTEM (NON-STANDARD)

Responsible Department: Health Department

Condition/Mitigation Monitoring Measure: The proposed project does not currently require a water system permit based on the definition of a public water system in California Health and Safety Code, section 116275(h). Prior to approval of any Cannabis Business Permit (CNB), Owner/Applicant shall record a "Declaration for an Unregulated, Non-Public Water System" deed restriction on a form prepared by the Environmental Health Bureau (EHB) and approved by County Counsel. In the event that the Unregulated, Non-Public Water System facility begins to serve at least 25 individuals daily at least 60 days out of the year, Owner/Applicant must apply for and obtain a Public Water System permit from EHB. Owner/Applicant is responsible to reimburse EHB for costs associated with preparation of the Deed Restriction.
(Environmental Health)

Compliance or Monitoring Action to be Performed: Prior to approval of any Cannabis Business Permit (CNB), the applicant shall provide a legal description for the parcel and a copy of the Grant Deed to the EHB. The EHB will prepare the deed restriction form.

The property owner shall sign and notarize the deed restriction form obtained from the EHB. Record the notarized deed restriction with the Monterey County Recorder. Proof of recordation shall be provided to the EHB.

15. EHSP02 – SEPTIC TANK DEMOLITION (NON-STANDARD)

Responsible Department: Health Department

Condition/Mitigation Monitoring Measure: A mobile home has been removed from the property. Environmental Health Bureau do not include evidence that the septic tank that served the mobile home was destroyed or properly abandoned under permit.
(Environmental Health)

Compliance or Monitoring Action to be Performed: Prior to approval of any Cannabis Business Permit, the applicant shall provide evidence to the satisfaction of the EHB that the septic tank that served the mobile home has been destroyed or properly abandoned.

16. CC01 INDEMNIFICATION AGREEMENT

Responsible Department: County Counsel

**Condition/Mitigation
Monitoring Measure:**

The property owner agrees as a condition and in consideration of approval of this discretionary development permit that it will, pursuant to agreement and/or statutory provisions as applicable, including but not limited to Government Code Section 66474.9, defend, indemnify and hold harmless the County of Monterey or its agents, officers and employees from any claim, action or proceeding against the County or its agents, officers or employees to attack, set aside, void or annul this approval, which action is brought within the time period provided for under law, including but not limited to, Government Code Section 66499.37, as applicable. The property owner will reimburse the County for any court costs and attorney's fees which the County may be required by a court to pay as a result of such action. The County may, at its sole discretion, participate in the defense of such action; but such participation shall not relieve applicant of his/her/its obligations under this condition. An agreement to this effect shall be recorded upon demand of County Counsel or concurrent with the issuance of building permits, use of property, filing of the final map, recordation of the certificates of compliance whichever occurs first and as applicable. The County shall promptly notify the property owner of any such claim, action or proceeding and the County shall cooperate fully in the defense thereof. If the County fails to promptly notify the property owner of any such claim, action or proceeding or fails to cooperate fully in the defense thereof, the property owner shall not thereafter be responsible to defend, indemnify or hold the County harmless. (County Counsel)

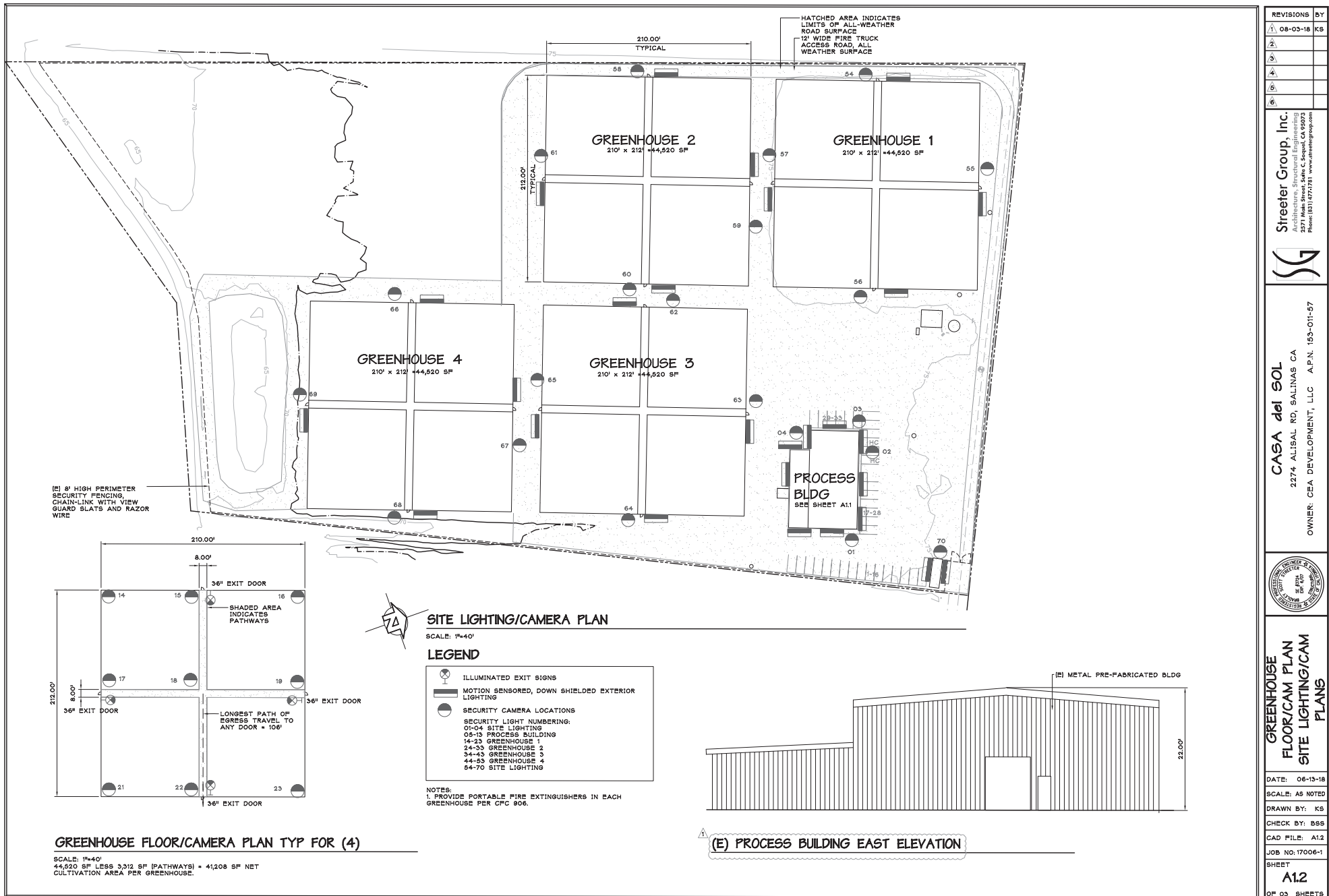
**Compliance or
Monitoring
Action to be Performed:**

Upon demand of County Counsel or concurrent with the issuance of building permits, use of the property, recording of the final/parcel map, or recordation of Certificates of Compliance, whichever occurs first and as applicable, the Owner/Applicant shall submit a signed and notarized Indemnification Agreement to the County Counsel for review and signature by the County.

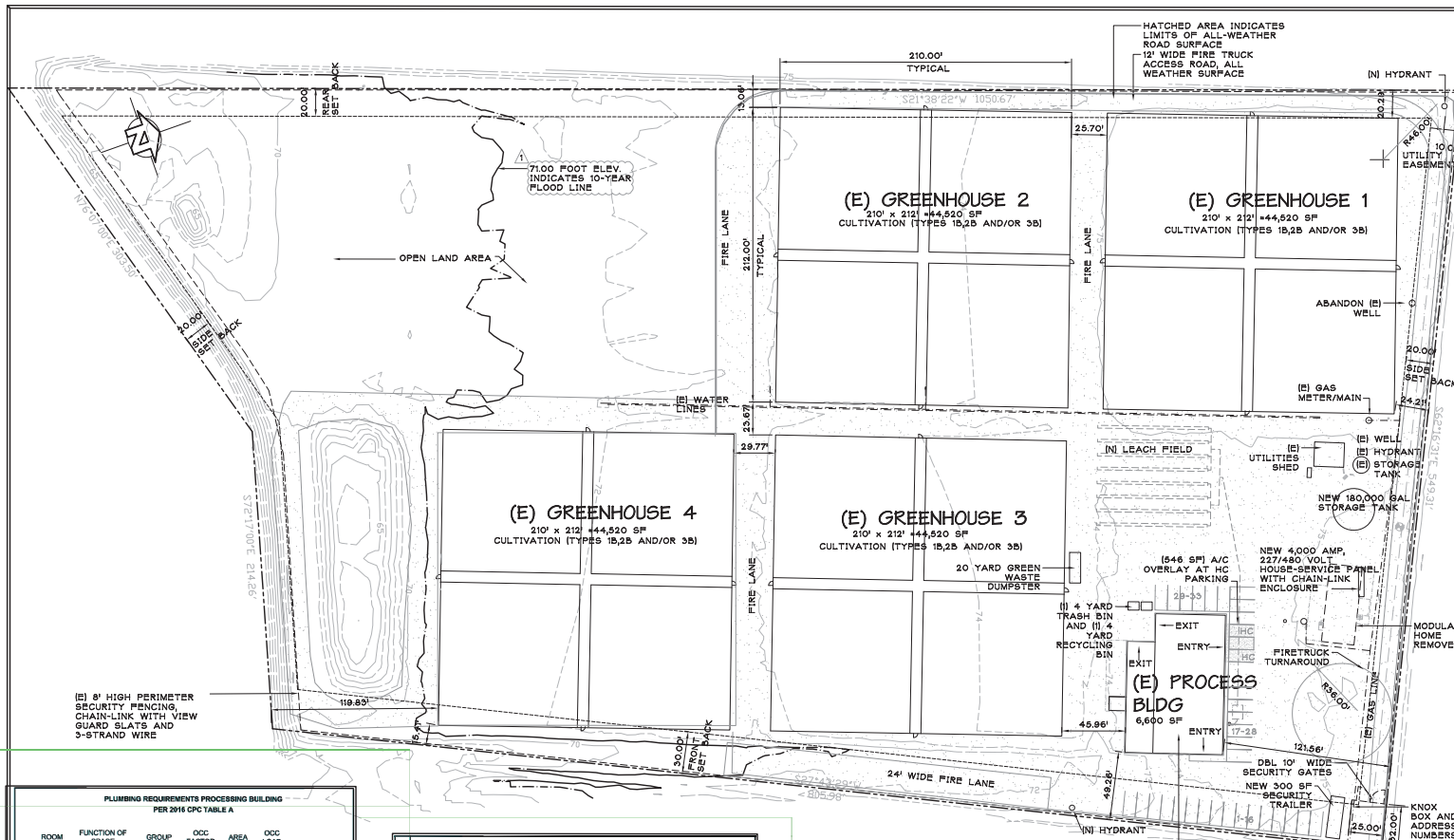
Proof of recordation of the Indemnification Agreement, as outlined, shall be submitted to the Office of County Counsel.

Site Plan

Floor Plan



Lighting and Security



PLUMBING REQUIREMENTS PROCESS BUILDING					
PER 2016 CPC TABLE A					
ROOM	FUNCTION OF SPACE	GROUP	OCC FACTOR	AREA	OCC LOAD
1	CULTIVATION	S	5000	2435	0.5
2	CULT-STORAGE	S	5000	655	0.1
3	MANUFACTURING	S	200	655	3.3
4	DISTRIBUTION	S	200	200	1.0
5	RESTROOM	S	200	200	1.0
6	LOUNGE	S	200	200	1.0
7	NURSERY	S	200	200	1.0
TOTAL SF:				5745	6.2
TOTAL OCC LOAD:				5745	7.0

PLUMBING REQUIREMENTS GREENHOUSE					
PER 2016 CPC TABLE A					
ROOM	FUNCTION OF SPACE	GROUP	OCC FACTOR	AREA	OCC LOAD
1	GREENHOUSE	S	5000	44500	8.9
2	GREENHOUSE	S	5000	44500	8.9
3	GREENHOUSE	S	5000	44500	8.9
4	GREENHOUSE	S	5000	44500	8.9
TOTAL SF:				178000	35.6
TOTAL OCC LOAD:				178000	36.0

PLUMBING REQUIREMENTS PER 2016 CPC TBL 422.1					
F-1 OCCUPANCY					
TOILET-MALE	REQUIRED	PROVIDED			
TOILET-FEMALE	1	2			
URINAL	0	0			
LAV	1	2			
SHOWER	0	0			
DRINKING FOUNTAIN	1	1			
SERVICE SINK	1	1			

EXITING REQUIREMENTS PROCESS BUILDING					
PER 2016 CBC TBL 1004.1.2					
ROOM	FUNCTION OF SPACE	OCC FACTOR	AREA	OCC LOAD	EXIT REQD
1	AG	200	2435	12.2	1
2	CULT-STORAGE	500	655	1.3	1
3	MANUFACTURING	200	655	3.3	1
4	DISTRIBUTION	100	200	2.0	1
5	RESTROOM	0	0	0.0	1
6	RESTROOM	0	0	0.0	1
7	LOUNGE	15	200	13.3	1
8	AG	200	1600	8.0	1
TOTAL SF:				5745	
TOTAL OCC LOAD:				40.1	
TOTAL EXITS REQD:					1

EXITING REQUIREMENTS GREENHOUSE					
PER 2016 CBC TBL 1004.1.2					
GREENHOUSE	FUNCTION OF SPACE	OCC FACTOR	AREA	OCC LOAD	EXIT REQD
2	CULTIVATION	X	44520	3	3
3	CULTIVATION	X	44520	3	3
4	CULTIVATION	X	44520	3	3
TOTAL SF:				178000	
TOTAL OCC LOAD:				178000	
TOTAL EXITS REQD:					12.0

MAXIMUM TRAVEL DISTANCE = 300'

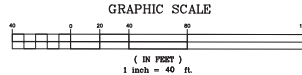
(1) EXIT REQUIRED FOR EVERY 15,000 SF OF AREA.

OCCUPANCY GROUP U

SPRINKLERED

SITE PLAN

SCALE: 1"=40'



VICINITY MAP NO SCALE

SHEET INDEX

- C11 SITE PLAN
- A11 FLOOR PLAN PROCESS BUILDING
- A12 FLOOR PLAN GREENHOUSES

PROJECT DESCRIPTION

REPAIR (4) 44,520 SF EXISTING GREENHOUSES
REMOVE (1) MODULAR HOME.
ADD NEW SPRINKLER SYSTEM AT (E) 6,600 SF
PROCESSING BUILDING.
ADD NEW WATER STORAGE TANKS.
ADD NEW 4,000 AMP 480 VOLT HOUSE SERVICE PANEL.

ACCESSOR PARCEL NO: 153-011-057
PARCEL SIZE: 446,390 SF (10.25 ACRES)
ADDRESS: 2274 ALISAL ROAD, SALINAS CA

COMMUNITY: SALINAS UNINCORPORATED
FIRE DISTRICT: MONTEREY CNTY REGIONAL FPD
PLANNING AREA: GREATER SALINAS
ZONING: F/40
LAND USE DESIGNATION: FARMLANDS 40-160 ACRE

SQUARE FOOTAGE: 44,520 (4) = 178,080 SF TOTAL
(E) GREENHOUSES: 6,600 SF
(E) PROCESSING BLDG.

CONSTRUCTION TYPE: TYPE VB
GREENHOUSES: TYPE VB
PROCESS BUILDING: TYPE VB

OCCUPANCY TYPE: GROUP F-1
PROCESSING BUILDING: GROUP U-AGRICULTURAL
GREENHOUSE 1: GROUP U-AGRICULTURAL
GREENHOUSE 2: GROUP U-AGRICULTURAL
GREENHOUSE 3: GROUP U-AGRICULTURAL
GREENHOUSE 4: GROUP U-AGRICULTURAL

LOT COVERAGE: 50X 223,195 SF
ALLOWABLE EXISTING: 41X 184,680 SF

F.A.R. 41X

PROPOSED GRADING: NONE
IMPERVIOUS COVERAGE: (E) GREENHOUSES AND PROCESS BLDG STRUCTURES = 184,680 SF
(P) ADA PARKING = 546 SF
TOTAL = 185,226 SF

PARKING CALCULATIONS:
PER MONTEREY COUNTY CODE 2158.040
WAREHOUSE/AG PROCESSING PLANT = 1 SPACE/500sf
PROCESSING BLDG. 6000sf (NET)/500 = (12) SPACES REQ'D
GREENHOUSES 178,080 (NET-SF) 8,904sf/500 = (18) REQ'D
TOTAL REQUIRED= (30) SPACES
TOTAL PROVIDED= (31) STANDARD + (2) ADA + (33) SPACES

CONSULTANTS

OWNER: CEA DEVELOPMENT, LLC
6920 SANTA TERESA BLVD
SUITE #200
SAN JOSE CA 95119
303.728.7014
BRIANP1033@GMAIL.COM

SURVEYOR: MICHAEL GOODHUE, PE
P.O. BOX 1914
APTOS, CA 95001
831.601.8519

LAND USE ATTORNEY: JR8 ATTORNEYS
318 CAYUSA ST.
SALINAS, CA 93801
831.269.7117
TRIN@JR8ATTORNEYS.COM

ARCHITECTS: STREETER GROUP, INC
2571 MAIN ST SUITE C
SLOUIE, CA 95073
831.477.1781
KAREN@STREETERGROUP.COM

WATER ENGINEER: FALL CREEK ENGINEERING
1525 SEABRIGHT AVE
SANTA CRUZ, CA 95062
831.462.8054
PHASE@FALLCREEKENGINEERING.COM

CODES

THESE PLANS DESIGNED AND CONSTRUCTED PER THE FOLLOWING CODES AND ORDINANCES:
2016 CALIFORNIA BUILDING CODE
2016 CALIFORNIA FIRE CODE
2016 CALIFORNIA MECHANICAL CODE
2016 PLUMBING CODE
2016 CALIFORNIA ELECTRICAL CODE
2016 ENERGY CODE

FIRE DEPT NOTES:

- ALL FIRE TRUCK TURNAROUNDS AND DESIGNATED FIRE LANES TO BE POSTED WITH APPROPRIATE SIGNAGE TO REMAIN FREE AND CLEAR OF ANY OBSTRUCTIONS.
- INSTALL KNOX BOX KEY SERIES 3500 AT ENTRANCE.
- (2) NEW FIRE HYDRANTS TO BE INSTALLED AS SHOWN ON SITE PLAN.
- INSTALL NEW FIRE SPRINKLER SYSTEM AT EXISTING PROCESS BUILDING. A LICENSED DESIGNER/INSTALLER SHALL PREPARE AND SUBMIT PLANS, CALCULATIONS AND CUT SHEETS FOR THE AUTOMATIC FIRE SPRINKLER SYSTEM TO MONTEREY COUNTY REGIONAL FIRE DISTRICT FOR APPROVAL. PROVIDE FIRE SPRINKLER PROTECTION IN ACCORDANCE WITH NFPA 13, HAZARD GROUP-2.
- INSTALL NEW SPRINKLER STORAGE TANK AS INDICATED ON SITE PLAN. REQUIREMENTS TO MEET 1500 GAL. MIN. @ 20psi FOR 2 HOURS = 180,000 GALLONS.
- PROVIDE PORTABLE FIRE EXTINGUISHERS IN ALL GREENHOUSES AND PROCESS BLDG. PER CPC SECTION 906.
- PROVIDE ADDRESS NUMBERING AT ALISAL ROAD AND AT ENTRY GATE.
- PROVIDE ILLUMINATED EXIT SIGNAGE AT ALL EXIT DOORS.

REVISIONS BY
1 08-03-18 KS

Streeter Group, Inc.
Architectural, Structural Engineering
2271 Main Street, Suite C, Salinas, CA 95073
Phone: (831) 477-1781 www.streetergroup.com



OWNER: CEA DEVELOPMENT, LLC A.P.N. 153-011-57

CASA del SOL
2274 ALISAL RD, SALINAS CA

OWNER: CEA DEVELOPMENT, LLC A.P.N. 153-011-57



SITE PLAN
VICINITY MAP

DATE: 06-13-18

SCALE: AS NOTED

DRAWN BY: KS

CHECK BY: BSS

CAD FILE: C11

JOB NO: 17006-1

SHEET

C11

OF 03 SHEETS

Site Photos



① View of existing water tank on project site



② View of existing greenhouses on project site



Project Site

Source: Google Earth 2016
Photographs: CEA Development 2017



③ View southwest of existing warehouse and greenhouse



④ View northeast of project site

2.4 Description of Operation

Applicant is requesting a conditional use permit (CUP) and commercial cannabis business permit to allow a cannabis facility with cannabis cultivation (Type 1B, 2B, and/or 3B), nursery (Type 4), manufacturing (Type 6), and distribution (Type 11).

Applicant proposes commercial cannabis cultivation, nursery, manufacturing and distribution as currently allowed by County municipal code.

Cultivation

Initially, it is anticipated that the cultivation operations will be mixed light in existing structures. However, in the future, the cultivation may or may not be conducted within new structures as allowed by ordinance amendment.

Drying, curing, trimming, extraction and distribution activities will occur in the existing processing building on site.

Manufacturing

Applicant intends to extract oil using a CO2 non-volatile process. Ethanol will be used in the winterization process.

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. In the event that MCC is amended to allow third-party distribution in the F/40 zone, Applicant would also proposed to distribute products from third parties.

Products

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

- Cannabis Seeds and Clones
- Cannabis Flower
- Cannabis Trim
- Cannabis Extracts
- Cannabis Oils

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

Hours of Operation

The hours of operation during which staff will be present will be 24 hours per day, 7 days per week. Deliveries will be accepted during business hours Monday through Friday, 6:00 PM to 10:00 PM. The office will be open from 7:00 AM to 6:00 PM. The facility will be closed to the public; only scheduled, business-related deliveries or visitors will be permitted on site.

Tenants

Currently, there are no other tenants on the property. 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.

Number of Employees

Initially, the maximum number of employees on the site would be 24. The occupancy of the building supports up to 53.

Parking

There are 38 parking spaces on the property, which is ample for the small operation proposed.

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.

The frequency of deliveries of supplies or products, which includes mail, delivery of supplies and vendors, will be approximately one per day.

The type of delivery vehicles will be vans and small delivery trucks depending on size of delivery. It is anticipated that most deliveries of products and supplies into and out of the facility will be relatively small and that delivery vehicles would be no larger than a small truck. The loading space and area are adjacent to the processing, extraction and distribution building.

2.5 Energy

The property currently is served by PG&E. A 4,000 amp electrical service panel is proposed. Applicant currently has a pending application to PG&E for additional electrical service.

2.6 Water Source

Water Source and Capacity

The project site is served by one well located on the property. A second well has been/will be abandoned. Irrigation and domestic water are served by this water system.

The project site is located with Zone 2C of the Salinas Valley groundwater basin. There is a presumption of long-term water supply in this zone; therefore, the proposed project is not subject to 2010 General Plan policy PS-3.1, which requires that new development requiring a discretionary permit and that will use water demonstrate proof of a long-term sustainable water supply to serve the development.

A description of the existing water source, water quality, and proposed water system improvements is included in Section 10, Water System Improvement Plans.

Water Conservation

Pursuant to MCC chapter 21.67.050.B.8, water conservation measures shall be incorporated in order to minimize use of water where feasible.

Reverse osmosis system will be utilized for the facility. The system will enable recycling and reuse of water and virtually eliminate the risk of nitrate-rich runoff.

The facility will also engage in drip irrigation systems, which will result in water conservation of at least 40 percent.

2.7 Wastewater Treatment and Disposal

Wastewater treatment and disposal are described in Section 11, Wastewater System Improvement Plans.

2.8 Solid Waste Disposal

Waste Management disposes of the waste once per week. The waste disposal and recycling area is indicated on the site plan.

Regular Waste

Waste Management is currently providing waste disposal and recycling services for non-cannabis waste. Regular waste is stored in a waste receptacle on site until it is transported by Waste Management. It is anticipated that the proposed project will generate less than 4 cubic yards of regular waste per week.

Recycling

Recyclable waste is separated in a separate receptacle and also is serviced by Waste Management. It is anticipated that the proposed project will generate approximately less than 4 cubic yards of recyclable waste, consisting mainly of packaging and containers, per week.

Green Waste

Because trim will be sold to licensed manufacturers for extraction and used by Applicant for extraction, it is anticipated that there will be very little green waste. There will be no psychoactive waste contained in the green waste. Any green waste will be hauled by an approved hauler.

Cannabis Waste

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.

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 through the private waste disposal service.

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.

If the Applicant is composting cannabis waste on the licensed premises, the Applicant shall do so in compliance with Title 14 of the California Code of Regulations at Chapter 3.1 (commencing with Section 17850).

If a local agency, a local agency franchiser, or permitted private waste hauler is being used to collect and process cannabis waste, the Applicant shall do all the following:

1. Provide the Bureau of Cannabis Control ("Bureau") 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.

If the Applicant is self-hauling cannabis waste to one or more solid waste facilities, the Applicant shall obtain for each delivery of cannabis waste a copy of a certified weight ticket or receipt documenting delivery from the solid waste facility. Only the Applicant or its employees may transport self-hauled cannabis waste.

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.

2.9 Storing, Handling and Use of Hazardous Substances

Hazardous substances kept at the facility include fertilizers, pesticides, CO₂, ethanol, and household cleaning agents such as bleach.

Ethanol is a Class 1B flammable liquid. Quantities will not exceed the maximum allowable quantities per 2016 CBC and 2016 CFC (approximately 220 gallons). Storage will be managed in fire-rated control areas per 2016 CBC and 2016 CFC codes. Applicant proposes to design and install fire sprinkler protection, fire-rated assemblies, solvent detection system, exhaust ventilation, appropriate mechanical and electrical systems.

Pursuant to MCC chapter 21.67.050.B.7, pesticides and fertilizers shall be labeled and stored to avoid contamination through erosion, leakage, or inadvertent damage from animals.

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 or manufacturing 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.

2.10 Odor Management Plan

To the extent that it is necessary, odor control measures will be implemented via a closed-loop HVAC system. Carbon filters at each of the air exhaust fan ports will be utilized to scrub odor out of the air that passes through the exhaust fans. It is anticipated that one exhaust fan will be sufficient for the odor control system.

The facility will have an uninterruptible power supply (UPS) that provides power for critical needs in the event of a power failure.

The capacity specifications of the exhaust fans will be based on the specifications of the room, and the odor mitigation system specifications will be based on the capacity of the fans.

The Facilities Manager will be responsible for regularly inspecting and maintaining the odor mitigation system.

3 Operations Plan

3.1 Standard Operating Procedures

Applicant's standard operating procedures are 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.

The cannabis facility will take all necessary and reasonable steps to address all concerns identified in the "Memorandum for all United States Attorneys," issued by the U. S. Department of Justice on August 19, 2013, from James M. Cole, Deputy Attorney General (known as the "Cole Memo") including:

1. The distribution of cannabis to minors;
2. Revenue from the sale or distribution of cannabis from going to criminal enterprises, gangs and cartels;
3. The diversion of cannabis from California to any other state;
4. State-authorized cannabis activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;
5. Violence and the use of firearms in the cultivation, manufacture, and distribution of cannabis;
6. Drugged driving and the exacerbation of other adverse public health consequences associated with cannabis use;
7. Growing of cannabis on public lands and the attendant public safety and environmental dangers posed by cannabis production on public lands; and
8. Preventing cannabis possession or use on federal property.

State Compliance

Applicant will comply with the Medical and Adult Use Cannabis Regulation and Safety Act (MAUCRSA), which has been passed by the State of California Legislature and became effective in 2018.

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. Within the F zoning district, 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. Within the LI, HI, and AI zoning districts, 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. On-site renewable energy generation shall be required for all indoor (cultivation activities using artificial lighting only including Type 1A, 1C, 2A,

3A and 4 state license types) cannabis cultivation activities. Renewable energy systems shall be designed to have a generation potential equal to or greater than one-half of the anticipated energy demand.

10. Cannabis plants shall not be visible from offsite. No visual markers indicating that cannabis is cultivated on the site shall be visible from offsite.
11. 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.
12. 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 medicinal 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 the Bureau of Cannabis Control (“Bureau”) or the Department of Public Health.

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. For harvest batches, Applicant shall ensure that samples be taken from batches that do not exceed 10 pounds. 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 the requirements of this division.

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 and State regulations, 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 licensed retailer, microbusiness, or nonprofit.

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 under its cultivation or manufacturing license or may 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 MAUCRSA and State regulations;
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 Monterey County code (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 14 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 Bureau of any reportable activity pursuant to section 5036.

Significant Discrepancy in Inventory

Applicant shall notify the bureau within 24 hours if, after the audit, there is a significant discrepancy in inventory.

A significant discrepancy in inventory means a difference in actual inventory compared to records pertaining to inventory of at least \$5,000 or 2 percent of the average monthly sales of Applicant, whichever is less.

Average monthly sales shall be calculated by taking a per month average of the total sales for the previous 6 months. If Applicant has not been in operation for at least 6 months, only the months in which Applicant was operating shall be used in determining average monthly sales.

For the purposes of this section, Applicant's acquisition price shall be used to determine the value of cannabis goods in Applicant's 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 Bureau.

Applicant shall notify the Bureau and local law enforcement 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 the Bureau 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 the Bureau, 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 the Bureau 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 the Bureau 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 Bureau of Cannabis Control (“Bureau”) 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 21.67.100.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.

4 Security Plan

Applicant will maintain facility security as required by MAUCRSA, State regulations 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 chain link security fence with view guard slats and three-strand wire on the perimeter of the property. A new double 10-foot-wide security gate is proposed at the driveway entrance 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.

10 Water System Improvement Plans



FALL CREEK ENGINEERING, INC.

Civil • Environmental • Water Resource Engineering and Sciences

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June 11, 2018

Nicki Fowler
Monterey County Environmental Health
1270 Natividad Road
Salinas, CA 93906
FowlerNE@co.monterey.ca.us

Subject: **Existing Water System and Conditional Use Permit
Casa Del Sol, 2274 Alisal Road (APN 153-011-057-00), Salinas, California**

Dear Nicki:

Fall Creek Engineering, Inc. (FCE) has prepared this memorandum for the existing water system and conditional use permit (CUP) application for Casa Del Sol, located at 2274 Alisal Road (APN 153-011-057-00). The property is currently zoned for agricultural use and contains four 45,000 ft² greenhouses. The property is owned by CEA Development LLC. This group is in the process of applying for a CUP to convert the use of the property to cannabis production, under certain conditions required for development.

Per our discussion on June 4, 2018, since Casa Del Sol has only a single building requiring a potable water connection and there are currently no workers onsite, a water system permit for the water system is not needed at this phase. FCE understands that the conditions of approval for the CUP would require a deed restriction recorded for the property for the water system that would require, as occupancy increases, the owners would be required to apply for a local or state water system permit. If the occupancy exceeds 24 people, the water system would be classified as a transient, non-community public water system and the permit applications and technical reports for this new system would be required.

In order to assist in permitting, FCE has attached the preliminary technical report as part of the CUP application for reference only to show that the existing well is a reliable source of water onsite. Section 2 discusses the well source and water quality, which shows the existing water supply is ample and of good water quality.

Thank you for your review of this project. Please contact me if you have any questions or require additional information.

Sincerely,

CARINA CHEN, M.S., P.E
Senior Associate Engineer

Attachments

Cc: Steve Miller, CEA Development
Cheryl Sandoval, Monterey County Environmental Health

**PRELIMINARY TECHNICAL REPORT
FOR THE
PROPOSED PUBLIC WATER SYSTEM
AT
CASA DEL SOL
2274 ALISAL ROAD
SALINAS, CALIFORNIA 93908**

June 2018



FALL CREEK ENGINEERING, INC.

Civil • Environmental • Water Resource Engineering And Sciences

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Attachments

Attachment A: Proof of Ownership

Casa Del Sol is located on a property that is now owned by CEA Development (CEA). CEA was planning to redevelop the property to operate a medical cannabis cultivation/nursery facility with a new building to replace the existing infrastructure. However, the developer has opted to obtain a Conditional Use Permit (CUP) to operate a cannabis facility onsite using the existing site layout, rather than the previously proposed new development. Casa Del Sol has an unpermitted water system that historically has served the existing development. In order to obtain a CUP, CEA is required to submit an application for a new water system permit prior to considering the application complete.

Senate Bill No. 1263 and the California Health and Safety Code (CHSC), Section 116527 and 116540 requires that any application for a permit for a new public water system submit a preliminary technical report. Once the public water system application is completed and approved, Monterey County Environmental Health Bureau (MCEHB) can make a determination that the water system will satisfy the requirements of the conditional use permit (CUP) for the facility.

CEA has retained Fall Creek Engineering, Inc. (FCE) to develop the preliminary technical report for the water system in order to meet the state and local water system requirements to obtain a CUP.

This report follows the general format set forth in the Preliminary Technical Report Guidance document provided by the State Water Resources Control Board-Division of Drinking Water (SWRCB-DDW).

1. APPLICANT GENERAL INFORMATION

Name of applicant:	JRG Attorneys at Law, Aaron Johnson
Phone number of applicant:	831.269.7117
Email address of applicant:	trinh@jrgattorneys.com
Engineering consultant responsible for the project:	Peter Haase, Fall Creek Engineering
Phone number of engineering consultant:	831.426.9054
Email of engineering consultant:	phaase@fallcreekengineering.com
Previous application to be a public water system:	None
Legal owner of the property:	CEA Development, LLC

2. GENERAL INFORMATION ON THE EXISTING WATER SYSTEM

The project site for the proposed cultivation/nursery facility is located at 2274 Alisal Road, Salinas, CA (APN 153-011-057) within unincorporated Monterey County (County). The project site sits on the south side of Alisal Road and east of Hartnell Road. The property currently contains four 44,520 square foot greenhouses, totaling 178,080 square feet, a storm water management pond, and several structures located on the northeast corner of the property, including a packaging shed, water tank, and a cooler. The site is bordered on three sides with active agriculture farm fields. The adjacent property to the east of the project site consists of an existing greenhouse operation.

2.1 Existing Water Source

A previous property owner installed a groundwater well in 2011. The well was drilled to a total depth of 640 feet and has an annular sanitary seal to 350 feet. Casa Del Sol owns and operates this well as the sole source of water for the property since installation. A well inspection was performed in 2013, which indicated the operational capacity of the 8-inch diameter well was 364 gallons per minute (gpm) at pumping level 103 feet below grade (BG) and a static water level at 82 feet BG.

Alisal Creek, the nearest creek is about 1,000 feet of the property boundary and therefore should have no impact on the water quality of the well.

There is another well onsite that was historically used to provide water, however, the status of the well is unknown and FCE recommends properly abandoning the well in place prior to any redevelopment to prevent potential contamination to the groundwater aquifers.

2.2 Existing Water Supply System

CEA owns and operates the existing on site water systems. The well water is currently pumped to an existing welded steel water storage tank that serves water to the existing fire hydrant and irrigation and domestic water demands. The storage tank has about a 12 foot diameter and height of 22 feet, which would result in a total storage of approximately 18,000 gallons. The domestic water demand is from two restrooms (one sink and toilet in each), a drinking fountain, and a service sink. The irrigation demand is from the four greenhouse buildings.

2.3 Existing Domestic Water Demand

There are two existing restrooms, a drinking fountain, and a service sink in the packing shed, which are the only domestic water demands for the site. No new restroom facilities are proposed at this time. The estimated water demand is estimated based on Monterey County's recommended unit flow value of 15 gallons per capita per day (gpcd) for industrial/factory operations without showers. The maximum anticipated number of employees is at a given time 25, based on the actual employee count provided by Karen Streeter on April 27, 2018, resulting in a peak daily flow of 375 gpd.

Based on this information the domestic water system would require less than 500 gallons per day (gpd).

2.4 Water Quality

A water sample was collected from the well on November 17, 2017 and analyzed by the Monterey Bay Analytical Services (MBAS) for Title 22 water quality parameters, volatile organic compounds, regulated organic compounds, synthetic organic compounds, perchlorate, gross alpha, and coliforms. The general Title 22 water quality results are presented in Table 1. There were non-detectable results for all volatile organic chemicals regulated, organic compounds, and synthetic organic compounds and the gross alpha results were 5.94 ± 2.23 pCi/L. Since the gross alpha was above 5 pCi/L, the additional testing was required for uranium and possibly total radium. The bacteriological tests resulted with E. Coli absent and total coliform present in raw water samples taken from the source water, therefore additional testing was required.

On December 6, 2017, Soil Control Lab analyzed a water sample for coliforms. Once again, E. Coli was found to be absent and total coliform was found to be present in raw water samples taken from the source water. Based on the two laboratory results with the presence of total coliform, FCE recommended that the well be disinfected prior to future sampling.

On December 28, 2018 the well was disinfected using a dose of liquid chlorine and allowed to sit in the well for several days. Then, additional water quality samples were taken on January 2, 2018 and analyzed by MBAS for asbestos, uranium and coliforms. Asbestos was not detected in the water sample. The uranium result of 4.3 pCi/L was less than 5 pCi/L and therefore no additional testing was required for total radium. E. Coli was found to be less than 1 MPN/100mL (absent) and total coliform was found to be 26 MPN/100mL (present). Based on the two laboratory results with the presence of total coliform, FCE recommended that the well be disinfected again using a different method.

On January 14, 2018, chlorine pellets were added to the well and allowed to sit in the well until January 17, 2018, when the well was flushed. Then, a water sample was taken on January 22, 2018 and analyzed by Soil Control Lab for coliforms. The E. Coli was found to be absent and total coliform was also found to be absent in raw water samples taken from the source water. The second disinfection method eliminated the bacteriological population in the well.

The general water quality is good with no water quality parameters above the maximum containment levels or in quantities that present taste, odor, or color issues. Nitrate is known to be a constituent of concern in the Salinas Valley. Based on the water quality data, the nitrate as nitrogen levels are well below the 10 mg/L maximum contaminant levels (MCL). The gross alpha result was below the drinking water compliance level of 15 pCi/L. After thorough disinfection of the well the bacteriological tests showed that total coliforms and E. Coli were no longer present in the water.

Table 1. General Source Water Quality

Parameter	Units	Result	MCL	PQL
Aluminum (Al)	ug/L	25	1000*	5
Antimony (Sb)	ug/L	ND	6*	0.5
Arsenic (As)	ug/L	2	10*	1
Barium (Ba)	ug/L	57	1000*	5
Beryllium (Be)	ug/L	ND	4*	0.1
Bicarbonate Alkalinity (as HCO ₃)	mg/L	215		10
Bromide	mg/L	0.1		0.1
Cadmium (Cd)	ug/L	ND	5*	0.2
Calcium (Ca)	mg/L	62		1
Carbonate Alkalinity (as CO ₃)	mg/L	ND		10
Chromium (Cr)	ug/L	5	50*	1
Chloride (Cl)	mg/L	67	250**	1
Color Determination	Units	6	15**	6
Conductivity	umho/cm	740	900**	1.0
Copper (Cu)	ug/L	4	1300*	2
Cyanide (total)	mg/L	ND	150*	3
Fluoride (F)	mg/L	0.6	2*	0.1
Hydroxide Alkalinity (as OH)	mg/L	ND	N/A	10
Iron (Fe)	mg/L	215	300	10
Lead (Pb)	ug/L	ND	15*	1
Magnesium (Mg)	mg/L	37		1
Manganese (Mn)	ug/L	ND	50**	10
MBAS calc as LAS, mol wt 340	mg/L	ND		0.05
Mercury (Hg)	ug/L	ND	2*	0.5
Nickel (Ni)	ug/L	2	100*	1
Nitrate as Nitrogen	mg/L	1.6	10	0.1
Nitrite as Nitrogen	mg/L	ND	1.0*	0.1
Nitrate+Nitrite as Nitrogen	mg/L	1.6		0.1
Orthophosphate	mg/L	0.1		0.1
Perchlorate	ug/L	ND	6*	1.0
pH	Std Units	7.4	6.5-8.5**	0.1
Potassium (K)	mg/L	2.1		1
Selenium (Se)	ug/L	1	50*	1
Silver (Ag)	ug/L	ND	100**	1
Sodium (Na)	mg/L	53		1
Specific Conductance	umhos/cm	808	900	1
Sulfate (SO ₄)	mg/L	157	250**	1
Thallium (Tl)	ug/L	ND	2*	0.5
Threshold odor number	TON	1	3**	1
Total Alkalinity (as CaCO ₃)	mg/L	176		10
Total Dissolved Solids (TDS)	mg/L	543	500**	10
Turbidity	NTU	2	5*	0.05
Zinc (Zn)	ug/L	10	5000**	10

MCL: Maximum Contaminant Levels
PQL: Practical Quantitation Limit

* Primary Standards
** Secondary Standards

According to the most recent water quality testing, other than the bacteriological tests, the well water at Casa Del Sol complies with primary and secondary drinking water standards. A brief discussion of on-site water quality test results is described below.

Bacteriological Tests. Total Coliform and E. Coli sampling performed on November 11, 2017, December 6, 2017, and January 2, 2018 found the E.Coli to be absent and total coliform was present in the well. The well was disinfected using solid chlorine (pellets) from January 14th to the 17th and on January 22, 2018, the water sampled found both E. Coli and total coliform absent in the water source. The bacteriological issue was addressed and is no longer present in well.

Turbidity. Turbidity was found to be 2 NTU, which is below the secondary MCL of 5 NTU.

Nitrate. Nitrate as nitrogen was measured at 1.6 mg/L, which is below the MCL of 10 mg/L as nitrogen.

Total Dissolved Solids. Total dissolved solids (TDS) was measured at 543 mg/L, which is above the recommended secondary MCL of 500 mg/L, but is below the upper range for the secondary MCL, 1,000 mg/L.

3. PROPOSED WATER SYSTEM IMPROVEMENTS

CEA proposes upgrades to the overall site water system to improve the fire suppression system. The fire system improvements will add a water storage tank and a fire hydrant to the site. The fire system will be plumbed separately and will not be part of the permitted water system. The proposed permitted water system will be served from the existing 18,000 gallon water tank, which will provide water for both the domestic and irrigation demands at the site.

The existing domestic water system will remain in place as discussed in Section 2.3 above. All of the domestic water system fixtures (toilets and faucets) will be upgraded as part of the requirements of the use permit.

Based on the information provided in this report; the existing water source has adequate capacity and quality and does not require supplemental inline treatment to meet water quality standards. Therefore, FCE recommends CEA apply for a non-transient, non-community water system permit for the existing water system.

4. POTENTIAL CONSOLIDATION WITH EXISTING WATER SYSTEMS

The proposed water system is over half a mile from the Local Area Formation Commission's (LAFCO's) sphere of influence for the City of Salinas, the nearest municipal water service (CHSC 116527(c)(9)).

There are 10 existing active public water systems within a three (3) mile radius of Casa Del Sol. Table 2 lists these systems including the water system number, name, and type as found

through the Safe Drinking Water Information System (SDWIS) Drinking Water Watch website¹. The primary water source is groundwater for all of these systems. The City of Salinas is also included in this table, because it is the closest public water system.

Table 2. Permitted Public Water Systems Within 3 Mile Radius

Water System No.	Water System Name	Type	Miles (approx)
CITY OF SALINAS	CITY OF SALINAS (LAFCO)	C	1.9
CA2701214	FIRESTONE BUSINESS PARK WS	NTNC	2.1
CA2702409	EL CAMINO WC INC	C	2.5
CA2702616	ALTMAN PLANTS WS #02	NTNC	3.2
CA2702452	EL CAMINO MACHINE & WELDING	NTNC	3.3
CA2702198	FOOTHILL ESTATES WS	C	3.3
CA2700856	ALTMAN PLANTS WS #01	NTNC	3.6
CA2701904	SAN JERARDO COOP WS	NTNC	3.7
CA2701726	SPENCE RD WS #05	NTNC	4.0
CA2702484	GROWERS SERVICE ASSN WS (ICE)	NTNC	4.8
CA2702704	HARRIS RD WS #10	NTNC	5.6

Table 2 is sorted by the approximate distance (in miles) required for a waterline to be installed from each water system to serve Casa Del Sol. The distance is approximated by measuring the most likely path of a waterline from the border of the public water system to the border of the Casa Del Sol property. These pipeline routes typically run through public roads and avoid crossing private property and requiring easements. The nearest public water system is the City of Salinas, located about a half a mile away from Casa Del Sol, however, would require approximately 1.9 miles of pipeline if the pipeline route remains in the public right-of-way and follows roads.

Due to the relatively high number of public water systems within a 3-mile radius, the evaluation of consolidation is typically limited to facilities within 1.5 miles. A primary consideration to assess the feasibility of consolidation is the capital cost required to connect the property to the public water system. Connection to nearest water system, the City of Salinas, would require about 1.9 miles of 2" water main costing about \$700,000, which is prohibitively expensive. Also the Land Agency Formation Commission (LAFCO) would require the property to be annexed by the City, which would require an update to the City General Plan, the City of Salina's support of annexation, and an environmental report prior to a public meeting and protest period². Based on the isolated location of the site, as well as the fact that several public systems are not interested in consolidating with the property, FCE determined that there are no public water systems that are potentially available for consolidation in the area.

5. MANAGERIAL CONSOLIDATION

In order to permit an onsite water system, Casa Del Sol must ensure that the water system will be properly operated. Since there is not a certified water system operator onsite currently,

¹ <https://sdwis.waterboards.ca.gov/PDWW/index.jsp>

² Correspondence with Joe Serrano (831-755-5121), LAFCO Senior Analyst on May 7, 2018.

Casa Del Sol contacted Acqualogic, Inc., a private water service company, in April 2018 to inquire about managing the water system once it is permitted. An operator with at least D-1 certifications is required to operate and perform reporting for the new water system. Acqualogic provided a cost estimate for proposed services.

6. COST OF PROPOSED NEW PUBLIC WATER SYSTEM

The cost for establishing the public water system onsite are minimal as the water system onsite is existing and includes a deep well that is in good working condition that provides adequate flow and high water quality without treatment, and therefore no additional infrastructure is required to establish a public water system.

The fire protection system, as required to obtain a use permit and is not part of the public water system permit requirements for domestic water and therefore not included in the cost of the new public water system. Also the upgrading of fixtures are also part of the use permit requirements and not included in the cost the new public water system.

The property has a single owner who is responsible for all aspects of the water system. The water system has an “expense only” budget and there are no individual meters, water services, or rate paying customers for the water utilized onsite.

In order to change the use of the site for a Cannabis cultivation facility and continue to use the onsite water system, Casa Del Sol is required to obtain a public water system permit. The costs for the property to become a public water system and maintain the existing water source onsite would include:

- Permitting costs for public water system application
- Water quality testing for public water system (Upfront and ongoing)
- Well pump power and maintenance
- Cost for licensed operator to maintain water system, perform routine water quality testing & prepare annual reports
- Public water system annual fees

The primary upfront costs for Casa Del Sol to become a public water system would be the engineering and professional services required for to obtain the permit, which is approximately \$30,000. This value includes the permit fee for the public water system application. There are also fees for water quality monitoring, estimated at about \$2,400. See the table below for a summary of capital costs to obtain a permit the Casa Del Sol water system. FCE added a 15% complexity charge since the nature of permitting cannabis facilities are currently being established and may cause unforeseen costs to obtain the permit and a 20% contingency for unforeseen physical improvements that have not been identified at this stage of the project.

Table 3. Capital Costs for Permitted Casa Del Sol Water System

Capital Costs for Permitted WS	Unit	Quantity	Unit Price	Total Cost
Permitting (PTR, TMF)	LS	1	30000	\$ 30,000
Water Quality Testing	LS	1	2400	\$ 2,400
Subtotal				\$ 32,400
Complexity	15%			\$ 4,860
Contingency	20%			\$ 6,480
Total Capital Cost For New Water System				\$ 43,740

The ongoing operations and maintenance cost for the water system would include the annual permit fees, the water operations and reporting, water quality testing, energy cost to operate the well and incidental costs to replace or repair pumping equipment or water lines.

The ongoing annual costs required for a permitted public water system is mostly from the water system operator and water quality testing. The cost for the well pump operation and maintenance cost (power and equipment) is minimal, conservatively estimated at \$100/month. See the table below for a summary of recurring costs to maintain a small permitted water system at the site. FCE did not include cost for maintain the infrastructure for the water system, as this is an unknown ongoing cost that would be incurred whether or not the water system is consolidated with an existing public water system, or if the water system was permitted.

Table 4. Recurring Costs for Permitted Casa Del Sol Water System

Recurrent Cost for Permitted WS	Monthly Cost	Annual Cost
Contract Operation and Maintenance	\$ 400	\$ 4,800
Pump Power & Maintenance	\$ 100	\$ 1,200
Coliform Monitoring	\$ 50	\$ 600
Chemical Monitoring	\$ 167	\$ 2,000
Public Water System Annual Fees	\$ 38	\$ 456
Total Recurrent Cost	\$ 755	\$ 9,056

The present worth cost to permit and maintain the public water system is summarized in the table below. The present worth cost for the recurring costs was calculated using a 3% inflation rate for 20 years. The total present worth cost is less than \$180,000.

Table 5. Total Present Worth Costs for Permitted Casa Del Sol Water System

Costs	Permitted Water System
Capital Cost	\$ 43,740
Equivalent Annual Costs	\$ 134,730
Total Present Worth Cost	\$ 178,470

7. 20 YEAR EVALUATION OF PROPOSED NEW PUBLIC WATER SYSTEM'S SUPPLY CAPACITY CHSC 116527(C)(8)

The site currently has a well that provides a reliable source of water for the site. This is primarily due to the overall depth of the well and the sanitary seal down to 350 feet, which prohibits the low quality water from the upper aquifers from entering the water system. The water from the onsite well is in the deeper aquifer zones that have high water quality and have abundant water for the anticipated water demand at the site, even in drought years. Since the well was installed in 2011, it is unlikely that there will be any substantial issues or problems anticipated for the next 20 years if properly maintained.

8. COST-COMPARISON CHSC 116527(C)(6)

The cost to connect to an existing permitted water system would be well over \$700,000, just in capital costs alone. Permitting the existing water system onsite would have an estimated present worth cost of \$178,470 for 20 years.

The cost to connect to a permitted water system is likely more than four times as expensive as compare to establish a small public water system for the property and retaining a local water operator to maintain the water system. Based on the water quality from the Casa Del Sol well, there is no benefit to connecting to an alternative water supply at this time. Based on the high cost associated with consolidation and good condition of the existing onsite water system, FCE recommends permitting the existing water system rather than attempting consolidation. The onsite water system will provide Casa Del Sol with a reliable source of water. The owners will be responsible for new water system.

11 Wastewater System Improvement Plans

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