



*Operations Manual*  
*for*  
*Simply Humboldt, LLC.*  
*Cultivation Project*  
*8/7/2017*

Produced By:

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Project Name	SIMPLY HUMBOLDT
Project Location	37577 Mattole Rd. Petrolia, CA, 95558
Project Sponsor	Simply Humboldt, LLC.  37557 Mattole Rd. Petrolia, CA, 95558
Sponsor Contact	Jason Goforth, 707-498-7425
Permitting Agency	AgDynamix, LLC Teisha Mechetti, 707-798-6199
APN	104-321-010
Existing Zoning Designation	U; AL20 (FRWK)

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## Industry Analysis

Industry regulations have been enacted at the State, County, local and—in some instances—municipal levels. The proposed Project will adhere to all applicable regulations.

### Summary

A complex framework of regulatory laws influences cannabis cultivation regulations pertaining to the proposed Project, including Proposition 215, the Compassionate Use Act, Senate Bill 420, and the Medical Cannabis Regulation and Safety Act (MCRSA), and Proposition 65 (Prop 64) or the Adult Use Marijuana Act (AUMA), and most recently the Medical Adult Use Cannabis Regulation Safety Act (MAUCRSA).

Local permitting must be obtained before seeking licensure at the State level (which becomes effective January 2018). Some local jurisdictions in California, to date, have established and implemented regulations to per miss, permit, and/or license cannabis business operations.

In November 2016, the AUMA legalized “recreational” cannabis possession, consumption, and personal indoor cultivation, but had no effect on medical marijuana permitting or licensing.

On June 27<sup>th</sup>, Senate Bill 94, otherwise known as, the Medical Adult Use Cannabis Regulation and Safety Act (MAUCRSA) by Governor Jerry Brown in efforts to consolidate the two legislative pieces put in effect to govern commercial medical and recreational cannabis activities, otherwise known as the consolidation of the MCRSA and AUMA. The merge of these two legislative pieces features changes to the licensing scheme that we were working within prior to its effect.

### State Regulatory Framework

With the passage of the Compassionate Use Act (Proposition 215) in 1996 and the Medical Marijuana Program Act (MMPA) in 2003 (Senate Bill 420), California created a system of possession and cultivation limits, a voluntary identification program, and assurance of a non-diversionary system of medical cannabis cultivation and dispensation. The intent of these legislative efforts was to clarify the scope of application, prevent arrest and prosecution, promote uniform application, increase accessibility of product, and address issues within the act to promote fair and orderly implementation.

In September 2015, the California State legislature enacted three bills under the MCRSA, consisting of AB-243, AB-266, and SB-643. Each bill addresses various issues pertaining to licensing and regulatory requirements involving medical cannabis cultivation, manufacturing, transportation, distribution, sales, and testing. These bills became effectual January 1, 2016, with State licensing to open on January 1, 2018.

The MCRSA establishes a multiagency framework to regulate commercial cannabis. The foundation of MCRSA is: “No person shall engage in commercial cannabis activity without possessing both a State license and a local permit, license, or other authorization.” This legislation provides for the licensure of commercial cannabis activity in California, strengthens environmental protections, and creates licensing opportunities for small and specialty cultivators.



Assembly Bill 243 (AB-243) requires the CDFA, CDFW, and State Water Resources Control Board (SWRCB) to promulgate regulations and standards pertaining to medical cannabis cultivation efforts, mitigate impacts on environments, and coordinate enforcement efforts with State agencies.

Assembly Bill 266 (AB-266) addresses the licensure and regulation of medical marijuana for which the framework is primarily the responsibility of the Bureau of Cannabis Control (BCC) to enforce under the Department of Consumer Affairs' (DCA) and the Bureau of Medical Cannabis Regulation. Collaboratively, the Board of Equalization (BOE) and the CDFA are responsible for tracking and reporting the movement of cannabis goods throughout the State.

Senate Bill 643 (SB-643) addresses the setting of standards on behalf of physicians and surgeons prescribing medical cannabis and requires the Medical Board of California (MBC) to implement investigations of physicians who repeatedly or excessively prescribe medical cannabis to patients without good faith exemption. This bill requires the BMCR to gather fingerprints to conduct criminal history background checks.

This Act also grants the DCA sole authority to implement and govern the system for creation, issuance, renewal, discipline, suspension, or revocation of such licensure under the Bureau of Cannabis Control program. Additionally, the CDFA is responsible for administering provisions of the act related to or associated with cultivation and transportation of medical cannabis. This bill also authorizes counties and municipalities to propose and implement taxation on medical cannabis activity.

In addition to the initial framework developed to support local regulations and State licensing, there has been a broad legislative effort to institute clean-up bills to further clarify the scope and definitions under the MCRSA.

The Adult Use of Marijuana Act (AUMA), which passed in November 2016, has legalized adult use ("recreational") cannabis possession, consumption, and limited personal indoor cultivation. Because the AUMA legislation addresses only recreational cannabis issues, it currently has no effect on medical marijuana permitting or licensing.

On June 27<sup>th</sup>, Senate Bill 94, also known as, the Medical Adult Use Cannabis Regulation and Safety Act (MAUCRSA) signed by, Governor Jerry Brown, in efforts to develop a single regulatory structure that governs commercial medical and recreational cannabis activities, collectively known as MCRSA and AUMA. The merge of these two legislative pieces features changes to the licensing scheme that were in effect prior to the implementation of MAUCRSA.

The creation of MAUCRSA prompted 23 license type activities varying from Cultivation, Processing, Manufacturing, Packaging, Infusion, Testing, Retail, Distribution, and Microbusiness licenses. License types 5-5B will not be available until 2023. Across the license types they will be assigned either an "A" for Adult Use or "M" for Medical operations. The introduction of new license types Type 5-5B Cultivation, Processing, Manufacturer I and II, Packaging, Infusion, and Microbusinesses was an introduction of license types carried from the AUMA. The MAUCRSA also now excludes transportation as a license type. Furthermore, clarification of the fact, points concerning that event licenses are not prohibited under this framework were also clarified. The local authority could issue event permits for "onsite cannabis sales to, and consumption by, persons 21 years of age or older at a County Fair or District Agricultural Association Event".

According to this legislation, an applicant may now pursue a State license without local approval, however, may not conduct activities until local approval is met, otherwise could prompt a violation that would make the State license applicant ineligible to hold the license.

### Local Regulatory Framework

Under State legislation, MCRSA, municipalities possess the authority to set their own regulations pertaining to land use and commercial cannabis business activities. Local permitting must be obtained before seeking licensure at the State level (which becomes effective January 2018).

#### Humboldt County

In October 2015, Humboldt County began its review process of the Commercial Medical Cannabis Land Use Ordinance (CMCLUO). This legislation governs commercial medical cannabis activities within the authority of the County of Humboldt and establishes zoning regulations, performance standards, and environmental compliance—as well as requiring proof of documentation. The ordinance went into effect February 26, 2016. The deadline for applicants was December 31, 2016.

On September 13, 2016 Humboldt County issued a correcting and clarifying document to address the elements of the CMCLUO that were not clear under the initial Ordinance No. 2544 and the implementation of the program.

An Environmental Impact Report is underway to assess the overall impacts of this program which could significantly affect the Commercial Cannabis Land Use Ordinance, once the results of the study have been considered.

## Executive Summary

Project Sponsor is Simply Humboldt, LLC, a sole member, California Limited Liability Company whose purpose is to conduct agricultural activities within the State of California.

Sponsor is seeking approval for a Conditional Use Permit for pre-existing activities and a Zoning Clearance Certificate from a Retirement, Relocation, and Remediation (RRR) project. Sponsor will seek approval for and M-Type 3 and a M-Type 2 license.

It is anticipated that the Sponsor will create up to 15 local jobs immediately to support the cultivation, processing, and packaging activities. This model would set a healthy precedent for the Petrolia, community by setting a sound agricultural standard for this emerging industry.

The project location is approximately 17.67 acres, zoned U with the parcel being mapped as prime agricultural soils by the Natural Resource Conversation Service (NRCS). The Sponsor wishes to seek approval for a total of 57,000-sq. ft. consisting of a Conditional Use Permit for pre-existing activity of 37,000 sq. ft. on site and one (1) Zoning Clearance to support the Retirement, Relocation, and Remediation (RRR) of one (1) 5,000 sq. ft. outdoor cultivation area to increase to 20,000 sq. ft. and is currently located on Parcel No. 107-235-009 and proposal consists of nineteen (19) 3,000 sq. ft. greenhouse structures on two (2) cycles per year and two (2) 2,880 sq. ft. nursery greenhouses. Project is supported by natural light with exception of nursery activities.

The site currently features a residence not extended to employees, and several agricultural structures. Project site supported by an existing deeded spring on adjacent Parcel No. 104-112-004 for domestic use, one (1) 100,000-gallon pre-existing rainwater pond, one (1) 1,300-gallon water storage tank, and one (1) 1,550-gallon water storage tank. Sponsor proposes construction of a 1,000,000-gallon rainwater catchment pond that will support the site's cultivation activities.

The Sponsor plans to process Simply Humboldt, LLCs' product on parcel number 104-321-010 within the proposed on-site commercial processing facility. The facility is intended to be used for appurtenant uses for all processing activities. The infrastructure will be supported by PGE power.

The applicant has initiated the Waste Water Discharge enrollment to facilitate compliance with the State Water Resources Control Board under the North Coast Regional Water Quality Control Board. An Initial Statement of Water Diversion and Use (ISWDU) has been filed for diversion from the adjacent deeded Spring. A Lake and Streambed Alteration Agreement (LSA-1600) may need to be filed for the diversion from the Spring for domestic uses.

## Project Timeline

### Phase 1 (2017)

- Obtain Land Use Approval.
- Submit Grading Plans.
- Receive Grading Permit.
- Develop Pond for Winter Rainwater Catchment.

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- Develop Septic System Design.
- Design Infrastructural Plans for Processing Facility and Commercial Greenhouses.
- Decommission Current Cultivation Sites to be Relocated onsite.
- Remediate Current Cultivation Sites.
- Obtain Building Permits for New Infrastructure.

#### Phase 2 (2018)

- Develop New Greenhouse Infrastructure.
- Relocate Cultivation Site from Parcel No. 107-235-009.
- Remediate Relocated Cultivation Site on Parcel No. 107-235-009.
- Install Septic System for Processing Facility.
- Lay Foundation for Facility.
- Erect Building.
- Finish Work.

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## Project Overview

The Project concerns Parcel No. 104-321-010 in Petrolia, California that is seeking provisional permitting for outdoor medical cannabis cultivation with consideration of the phased approach to development. The Project currently features fourteen (14) cultivation areas totaling 37,000 sq. ft. Applicant proposes a two (2) M-Type 3 licenses for a total of 57,000 sq. ft. of pre-existing and RRR outdoor cultivation in the form of nineteen (19) greenhouse areas. Cultivation, nursery, and processing activities would occur on the Northwest portion of the Parcel.

## Summary

The Project parcel is zoned U, which falls within the allowable zoning specified by the local authority. The Sponsor seeks permit approval for 57,000 sq. ft. of outdoor cultivation that is supported by evidence, and involves natural light with an exception for nursery operations.

## Location Description

The proposed Project would occur on legal Parcel No. 104-321-010 at 37577 Mattole Road, in the northeast quarter of the northeast quarter of Section 30, Township 02 South, Range 01 West, Humboldt Meridian.

## Zoning

The property features zoning U and the following characteristics:

- GIS acres: 17.67.
- Coastal Zone: Outside.
- 100 Year Flood Zone: Outside
- Alquist-Priolo Fault Hazard Zone: Outside
- FEMA FIRM Flood Rating & Panel Number: Not applicable.
- Slope: <15% in most cultivation areas.
- Relative Slope Stability (Per General Plan Geologic maps): Moderate Instability.

## Soil Ratings

As per Humboldt County's Ordinance No. 2544, because the project is pre-existing, no prime agricultural soil rating requirement pertains for pre-existing operations, however, due to the proposal to relocate cultivation area from Parcel No. 107-235-009, the prime soils requirement applies to this project.

### Project-Specific Factors

The following table details any potential effects to environmental elements related to the Project:

<input type="checkbox"/>	Aesthetics	<input checked="" type="checkbox"/>	Agriculture and Forestry	<input checked="" type="checkbox"/>	Air Quality
<input checked="" type="checkbox"/>	Biological Resources	<input checked="" type="checkbox"/>	Cultural Resources	<input checked="" type="checkbox"/>	Geology/Soils
<input checked="" type="checkbox"/>	Greenhouse Gas Emissions	<input checked="" type="checkbox"/>	Hazards and Hazardous Materials	<input checked="" type="checkbox"/>	Hydrology/Water Quality
<input checked="" type="checkbox"/>	Land Use/Planning	<input type="checkbox"/>	Mineral Resources	<input type="checkbox"/>	Noise
<input type="checkbox"/>	Population/Housing	<input checked="" type="checkbox"/>	Public Services	<input type="checkbox"/>	Recreation
<input type="checkbox"/>	Transportation/Traffic	<input checked="" type="checkbox"/>	Utilities/Service Systems	<input type="checkbox"/>	Mandatory Findings of Significance

### Mandatory Compliance Factors

In accordance with the State of California, it is a requirement that agricultural operations obtain the appropriate environmental filings to support land alterations, diversions, and discharges of affluent.

#### Water Sources

Project is supported by an existing deeded spring on adjacent Parcel No. 104-112-004 for domestic use, one (1) 100,000-gallon pre-existing rainwater pond, one (1) 1,300-gallon water storage tank, and one (1) 1,550-gallon water storage tank with proposal for one (1) 1,000,000-gallon and one proposed (1) groundwater well.

#### Initial Statement of Water Diversion & Use (ISWDU)

An ISWDU has been filed for adjacent deeded Spring for domestic uses.

#### Small Domestic Use Registration (SDU)

Not available.

#### Small Irrigation Use (SIU)

Not available.

#### Lake and Streambed Alteration Agreements (LSAA-1600/1602)

It was determined that a LSAA-1600/1602 may be required for this Project because water diversion is necessary. Periodic inspections may be conducted by a third-party agent, Pacific Watershed Associates (PWA), on behalf of CDFW.

#### Water Board Order: Waste Water Discharge (WWD)

Initial inspections by Pacific Watershed Associates regarding water usage and discharges have been conducted. The initial notice of intent and monitoring/reporting forms, under the WWD, have been filed

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with the SWRCB under the North Coast Regional Water Quality Control Board (NCRWQCB). A reporting/recording system would be developed, monitored, and reported to comply with annual renewal requirements under this order.

Additional inspections (post enrollment) would be conducted by the Pacific Watershed Associates, with no current confirmation of when this inspection would occur. The proposed Project falls into Tier 2 due to the pre-existing cultivation site, canopy size, and water uses. The Project does not pose a notable threat to the environment due to several conditions that are documented in the WRPP.

#### Water Resource Protection Plan (WRPP)

A WRPP will be generated by the designated agency, Pacific Watershed Associates. This document is held by the third-party agent and maintained onsite to satisfy any request by the SWRCB. This ensures protection of nearby habitats via management of spoils, limitations of runoffs, use of DPR-approved inputs, correct use of fertilizer, and proper storage of fungicides, pesticides, and fuel.

#### Department of Pesticide Regulation Requirements (DPR)

The Project would adhere to DPR requirements and limitations regarding pesticide, fungicide, and rodenticide inputs for cannabis cultivation and management of pests and/or disease. Quality and consumer-safe production requires medical cannabis cultivation inputs that are approved as environmentally sound and deemed safe for medical consumption.

#### Archaeological Inspections & Survey

There is no current archaeological inspection on file of which the permitting agent is aware. However, records may be accessible through Sonoma State University's Northwest Information Center (NWIC) and the local THPO.

#### Additional Compliance Factors

#### Bureau of Cannabis Control (BCC)

In 2015, the Legislature passed and the Governor signed into law three bills (Assembly Bills 243 and 266, and Senate Bill 643) that create a licensing and regulatory framework for medical cannabis through the Medical Cannabis Regulation and Safety Act. Later this was updated through the MAUCRSA, Senate Bill 94. This legislation created the Bureau Cannabis Control within the Department of Consumer Affairs. It also divided the responsibility for state licensing between three state entities – the CA Department of Food and Agriculture, the CA Department of Public Health, and the Bureau of Medical Cannabis Regulation, with the Bureau designated as the lead agency in regulating the cannabis industry in California. This agency is responsible for licensing concerning testing, retail, distribution, and microbusinesses.

#### CalCannabis Cultivation Licensing

As directed by the Medical Cannabis Regulation and Safety Act and the Adult Use of Marijuana Act, the California Department of Food and Agriculture (CDFA) has written the proposed regulations to establish **cannabis cultivation and processing licensing** and a **track-and-trace system**, collectively referred to as **CalCannabis Cultivation Licensing**.

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### Office of Manufactured Cannabis Safety

OMCS was established in the Center for Environmental Health of the California Department of Public Health (CDPH) after the Governor signed into law the Medical Cannabis Regulation and Safety Act in 2015. The Act established a licensing and regulatory framework for the manufacturing, packaging, and infusion of medical cannabis in California.

The Medical Cannabis Regulation and Safety Act created the Bureau of Medical Cannabis Regulation in the Department of Consumer Affairs, and tasked the following Departments to establish regulations for the medical cannabis industry:

**CA Department of Consumer Affairs (Bureau of Cannabis Control):** to license transporters, distributors, dispensaries, and testing laboratories.

**CA Department of Food and Agriculture (Cal-Cannabis Cultivation Licensing):** to license cultivators and will also be responsible for implementing the Track-and-Trace System for plants from cultivation to sale.

**CA Department of Public Health (Office of Manufactured Cannabis Safety):** to license manufacturers of cannabis.

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## Performance Standards

Performance standards include nuisance mitigation (for noise, odors, light, and other potential hazards of the Project), setback requirements, and a consent to inspect.

### Setback Requirements

The proposed Project area meets all setbacks required by the local authority and adheres to all other setbacks from neighboring parcels and property boundaries. Nearby parcel residences are more than 300' from the proposed cultivation space (applicable only to parcels of five (5) acres or less). There are no known schools, school bus stops, public parks, places of religious worship, or Tribal cultural resources that are known within 600' to 1,320' of the cultivation area. Additionally, a 30' setback from the PG&E pole and 12' of overhead lines and property borders is satisfied.

Setbacks from nearby waterways will adhere to the SWRCB and the CDFW's setback requirements. It is deemed that Environmentally Sensitive Habitat areas will not be impacted by the proposed Project.

### Nuisance Mitigation

The Project would mitigate the potential for or existing nuisances, including through odors, lights, sounds, and other nuisances that extend beyond the boundaries of an adjacent property, with adherence to State and local (County and/or municipality) regulations pertinent to this Project.

Best mitigation efforts:

- Odor: Scrubbers.
- Light: Escape shielding.
- Sound: Buffering.

### Generator Use

Project is currently supported by two (2) Honda 6500-Watt and two (2) Honda 3000-Watt generators. Applicant proposes propane use and PG&E to support the site.

### Consent to Inspect

This section hereby grants to the relevant authority an authorization to conduct an annual compliance inspection with a minimum notice of 24 hours. The inspection would be conducted by officials during regular business hours (Monday-Friday, 9:00 am-5:00 pm), excluding holidays.

## Cultivation Plan

The Cultivation Plan adheres to robust standards promulgated under the DPR and regulated under the CDFA, and in accordance with DCA's consumer standards maintained by the Department of Public Health (DPH).

In preparation for future certification related to organically produced product, the Cultivation Plan also follows National Organic Program (NOP) standards. The input guidelines established by the DPR are in accordance with certification regarding organically produced product requirements and follow a whole-farm BMP plan for management of land, crops, and end products.

### Summary

The Project proposes to pursue a Conditional Use Permit for 37,000 sq. ft. and a Zoning Clearance Certificate in the form of one (1) RRR project of 20,000 sq. ft. for a total of 57,000 sq. ft. of outdoor cultivation in the form of nineteen (19) greenhouse areas on 17.67 acres of U zoning that would be serviced entirely by natural light with exception for nursery operations. Sponsor will seek approval from the State for and M-Type 3 and a M-Type 2 license.

Water for the Project currently would be sourced from two (2) onsite tanks that are fed by an onsite well and a 100,000-gallon pond. Proposals are in place to develop the one-million-gallon pond. A WRPP will be available upon completion for further information regarding site-specific conditions, mitigation measures, and remediation efforts.

### Cultivation Schedule

The following table details the annual cultivation schedule, comprised of two (2) harvests per year, with breakdown by area. Water figures are indicated in gallons.

Area	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
GH's	Cover	Cover	Cover	Veg	Blm	Blm	Blm/Veg	Veg/Blm	Blm	Blm	Cover	Cover
Nursery	Cover	Cover	Veg	Cover	Cover	Veg	Veg	Cover	Cover	Cover	Cover	Cover
Water	0	0	1250	149300	149300	149300	149300	149300	149300	147500	0	0

\*Water use as reported in the self-reporting attachment Appendix C or Monitoring & Reporting Form (MRP) of the WWD Enrollment (Water use figures calculated by multiplying water use for 2016 by 2.5 to reflect the total proposed water use that would support the proposed total cultivation areas.)

### Winterization Plan

During the fallow months, exposed ground would be cropped with green cover and native vegetation seed to protect against erosion and denitrification of the soil. Green manures would be incorporated into the native soils to enhance productivity during the forthcoming planting season.

### Water Resources

Water for the proposed cultivation Project would be sourced from an adjacent deeded spring to support domestic uses one (1) 1,550-gallon, and one (1) 1,300-gallon water storage tanks. An onsite well and a

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100,000-gallon rainwater pond feed the cultivation site. Project Sponsor proposed a 1,000,000-gallon rainwater catchment pond and one (1) groundwater well.

To mitigate runoff from cultivation activities, high-retention soil mediums and special irrigation techniques would be employed.

#### Irrigation Plan

For most of the season, crop production would be directly irrigated from two (2) onsite tanks and two (2) rainwater ponds; one existing pond, and the other being proposed by the applicant. If approved, the Project has plans for water reduction irrigation systems.

#### Irrigation System

Applicant is using a timed drip emitters system to support the cultivation activities.

#### Emergency Water Plan

A WRPP has been filed by PWA. There will be adequate tank storage to support the cultivation activities for forbearance periods from May through October.

In the event of a water emergency, the proposed Project currently features adequate water storage to supply the cultivation activities from an onsite well and a 100,000-gallon rainwater pond. Existing and future water storage is noted on the site plan (see *Site Plan/WRPP Map*).

## Operational Plan

The Operational Plan covers many aspects of the business, including location, organization, and a description of the Project's business sponsor that includes its mission, vision, and values. It also includes a description of what is produced by the Project, including sales and marketing efforts.

### Summary

The Operational Plan details use of the organization's resources in pursuit of the strategic plan. It prescribes specific activities and events to be undertaken to implement strategies. It is a plan for the day-to-day management of the organization (encompassing a one-year period). An operational plan should not be formulated without reference to a strategic plan. Operational plans may evolve from year to year with business growth. The chief executive, lead staff, and third parties of or for the organization often produce the Operational Plan.

The products produced by the Project would have the primary designated use of the treatment of patients with varying ailments. Medical cannabis products would be distributed to qualified medical cannabis consumers via wholesale outlets and retail dispensary locations.

### Business Organization

Simply Humboldt, LLC is a sole member Limited Liability Company (LLC) operating under entity number 201623210106 that features one member-manager. The member-manager is responsible for delegating primary activities pertinent to the organization's daily and future management.

### Management Team

Jason Goforth, Managing Member.

### Business Description

The primary goal of Simply Humboldt, LLC is, within the State of California, to conduct agricultural activities and produce specialty agricultural products.

### Mission

Simply Humboldt is a for-profit entity with the mission of producing high-grade specialty cannabis agricultural products to support the medical cannabis supply chain for California-based retail dispensary outlets.

### Vision

Simply Humboldt adheres to a sustainable and homestead-driven, integrative farming model that includes standards related to organically produced crops and onsite agricultural resource sustenance. The company's model integrates sustainable living and production principles with cannabis cultivation.

### Values

Simply Humboldt values the need for prudent land management strategy, social equity, and the quality production of cannabis to supply medical consumers and the treatment of their conditions. The company is committed to operating within full compliance of local, County, and State regulations.

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## Products

Simply Humboldt, LLC would produce specialty agricultural cannabis and nursery stock to support the onsite cultivation of high-grade organically produced cannabis flower products that are tested and assured for quality. Cultivation byproducts of additional value would be sold to permitted manufacturers (for the processing of extracts, concentrates, and topical products).

The primary designated use of the raw medical cannabis (flower) produced would be the treatment of patients with varying ailments. Premium-grade medical cannabis can be consumed via multiple methods, including inhalation, ingestion, and dermal (topical) applications. Cannabis has proven to deliver positive efficacy for myriad ailments, conditions, and symptoms. Research is underway regarding additional benefits of medical cannabis.

## Sales & Marketing

Simply Humboldt, LLC's product would be distributed to medical cannabis consumers via wholesale outlets and retail dispensary locations and ancillary marketplaces. The quality, testing thresholds, and branding would target consumers who lead a Lifestyle of Health and Sustainability (LOHAS) and who prefer premium organically produced medicine.

## Chain of Custody

Simply Humboldt, LLC adheres to a robust system of chain of custody for recordkeeping and sourcing potential contamination of seed/nursery product, flower product, trim, or value-added byproducts. This system would serve to verify responsibility for and liability of products during cultivation, processing, distribution, and wholesale/retail sales.

## Packaging

After testing and processing, products would be packaged per quality control standards and in tamper-proof packaging that does not appeal to minors. Products packaged in larger volumes would be distributed directly to consumers and retail outlets. Individual consumer labelling may be applied at the distributor or retailer level, after transfer of ownership in the chain of custody. If the business chooses to protect its branding through the Agricultural Commissioner, products would be individually packaged and labelled within the County of origin.

## Distribution

Simply Humboldt, LLC will secure trading outlets for its products through existing local distribution networks. These distribution networks service retail dispensary outlets that seek licensure within their respective jurisdictions, as well as the State licensing platform under the CDFA. The established patient base has created a demand and fulfills the need for many medical cannabis products from multiple licensed suppliers within the State of California.

## Track and Trace Standards

As per the Track and Trace provisions as of June 27<sup>th</sup>, 2017 under the Medical Adult Use Cannabis Regulation and Safety Act (MAUCRSA), Senate Bill 94.

## Chapter 6.5. Unique Identifiers and Track and Trace

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26067. (a) The department, in consultation with the bureau, shall establish a track and trace program for reporting the movement of cannabis and cannabis products throughout the distribution chain that utilizes a unique identifier pursuant to Section 26069, secure packaging, and can provide information that captures, at a minimum, all the following:

- (1) The licensee receiving the product.
  - (2) The transaction dates.
  - (3) The cultivator from which the product originates, including the associated unique identifier pursuant to Section 26069.
- (b) (1) The department, in consultation with the State Board of Equalization, shall create an electronic database containing the electronic shipping manifests to facilitate the administration of the track and trace program, which shall include, but not be limited to, the following information:
- (A) The variety and quantity or weight of products shipped.
  - (B) The estimated times of departure and arrival.
  - (C) The variety and quantity or weight of products received.
  - (D) The actual time of departure and arrival.
  - (E) A categorization of the product.
  - (F) The license number and the unique identifier pursuant to Section 26069 issued by the licensing authority for all licensees involved in the shipping process, including, but not limited to, cultivators, manufacturers, distributors, and dispensaries.

### Transportation

All products would be transported through either the permitted cultivator to processing or distribution and/or via a licensed transporter to trading partners that are authorized to distribute cannabis products to end consumers (when applicable). These transporters would be responsible for adhering to guidelines that involve (but are not limited to) permitting, weights and measures, packaging/packing/labeling, verification of packing and freight volumes, and liability insurance that covers product loss resulting from unintentional diversion or emergency.

Transporters would be responsible for fulfilling contractual deadlines and ensuring delivery of products in a timely fashion to maintain positive standing with trading partners and protect the quality of a product that features a limited shelf life.

SB-643, Chapter 719, § 19302.1 (d): "The DCA shall have the sole authority to create, issue, renew, discipline, suspend, or revoke licenses for the transportation, storage unrelated to manufacturing activities, distribution, and sale of medical marijuana within the State and to collect fees in connection

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with activities the BMCR regulates. The bureau may create licenses in addition to those identified in this chapter that the bureau deems necessary to effectuate its duties under this chapter.”

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## Processing Plan

The Processing Plan covers many aspects of the end stage cultivation workflow employed by the business to harvest, dry, trim, cure, package, and assure the quality of medical cannabis products. Quality assurance efforts include sanitation, dust control, and environmental standards necessary for optimal processing.

### Background

As promulgated under various regulatory agencies, including but not limited to the Labor Commissioner (LC) and Wage and Hour Division (WHD), Employment Development Department (EDD), the Agricultural Labor Relations Board (ALRB), United States Department of Agriculture (USDA), the Food and Drug Administration (FDA), California Department of Food and Agriculture (CDFA), and are responsible for varying aspects of government labor laws, quality control, minimum wage and hours laws, administrative responsibilities, and health and safety regulations that govern processing and day labor activities related to Agricultural industries.

### Summary

Applicant proposes a 4,000- sq. ft. processing facility to support the site activities. The facility will employ up to 15 employees during peak staffing.

Cultivation activities undergo a common process flow that involves cultivation, to harvest, drying, to testing, grading/sorting, curing, to testing, packaging, to testing again (distributor level), and end sales. This is in efforts to ensure robust quality-control, the business would employ stringent grading and sorting of medical cannabis product during harvest to eliminate any contaminated product from end supply.

### Administrative

Administrative elements of the Project include payroll, recording and reporting, chain of custody, safety procedures and protocols, product safety materials, labor and subcontractor issues, and quality assurance/control of product.

### Labor Management

The primary organization currently responsible for the recordkeeping of employees (both seasonal and permanent) would be Simply Humboldt, LLC. All records maintained by Simply Humboldt, LLC would be made available upon request.

The organization has considered payroll options for peak times of the season during which employment periods would be up to several months in duration (particularly during the harvesting, processing, and packaging stages of cultivation). An outside entity may be responsible for soliciting, recruiting, and hiring employees.

The designated entity is responsible for ensuring property, business, and workplace compliance under the guidelines of the following departments:

- Bureau of Medical Marijuana Regulation (BMCR).
- California Department of Food & Agriculture (CDFA).
- County Agriculture Commissioner (CAC).

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- County Planning Department (CPD)/Community Planning (CP)/Development Department (DD).
- Department of Industrial Relations (DIR).
- Department of Labor, Wage, and Hour Division (DL-WHD).
- Department of Pesticide Regulation (DPR).
- National & California Agricultural Labor Relations Board (NALRB/CALRB).
- Occupational Safety and Health Administration (OSHA).
- U.S. Department of Labor (US-DOL).

### Recording & Reporting

All employee records for hours worked and reported would be kept onsite or via a payroll recordkeeping center and submitted to the managing payroll department to ensure timely reporting. Requests for review of payroll records would be the sole responsibility of the managing human resources agent (upon request and under certain lawful circumstances).

### Quality Assurance & Control of Product

Quality assurance efforts encompass sanitation, climate control, dust control, and a variety of environmental standards. Quality control measures include monitoring, testing, harvesting, drying, curing, grading, sorting, packaging, secure storage, and distribution procedures.

In 2011, the Food and Drug Administration tasked the U.S. Department of Agriculture (USDA) to co-create with the U.S. Department of Health and Human Services (USDHHS) and the Center for Food Safety and Applied Nutrition (CFSAN) a program to implement Good Agricultural Practices (GAPs) and Good Handling Practices (GHPs). The goal was to mitigate food safety hazards and set standards and management regulations for processing facilities to ensure quality and consumer safety of agricultural products when handled in processing environments.

Found in the April 2011 *Guide to Minimize Microbial Food and Safety Hazards for Fresh Fruit and Vegetables* (authored by the USDA, USDHHS, and CFSAN) is discussion about the fundamental procedures that should be developed and implemented. This document features a list of principles applied to the workplace in efforts to meet these standards and is as follows:

- Accountability for product quality.
- Controls for workplace sanitation.
- Employee hygiene.
- Minimization of microbial exposures.
- Operating procedures.
- Packaging procedures and protocols.

### Chain of Custody

Agricultural businesses must adhere to a rigorous chain of custody system for product management and the identification of contamination in all raw and finished products.

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### Monitoring

Pre/post-harvest workflow would be monitored on a predetermined schedule and involve documentation of the condition of the product during its active stage of monitoring.

### Harvesting

During harvest, a labor crew would be required to assist with light physical labor, including walking, crouching, lifting, and some climbing.

### Testing Procedure

All product testing would be conducted by an approved (certified) third-party laboratory. This would encompass testing for potency and purity, including the presence of pesticides, fungicides, and harmful micro biologics.

### Drying/Curing

Product would be harvested at maturity and dried and cured in a climate-controlled environment. The primary equipment used would include dehumidifiers, fans, and heaters.

### Grading/Sorting

Products would be graded based on testing results, maturity, and specific intended use (flower, manufacturing of extracts, concentrates, topical products, etc.)

### Processing

Product would be harvested, trimmed, dried, and cured in a manner best suited to the specific environmental factors of the crop. This would include both visual inspections by master cultivators and data collection and analysis (via automated sensors).

### Packaging

Packaging would adhere to the guidelines for package type, quantity/weights, warning labels, and stamping procedures.

### Health & Safety

The first response emergency contact phone number is 9-1-1. Hospitals are Redwood Memorial Hospital at 707-725-3361 (Fortuna) and St. Joseph Hospital at 707-445-8121 (Eureka). The American Association of Poison Control Centers (AAPCC) can be reached at 800-222-1222.

### Job Hazard Analysis

Labor duties would vary throughout the harvesting, drying, processing, and packaging stages of the operation. With each task, an analysis would be conducted to identify potential hazards associated with a task, including weather conditions, the physical aptitude of employees, tools utilized, and potential exposure to chemicals and other substances. Identification of these hazards is intended to mitigate potential job hazards and help ensure employee adherence to safety practices.

### Injury Illness Prevention Plan

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It is required by the DIR that every employer shall establish, implement, and maintain an effective Injury and Illness Prevention Plan (IIPP).

Components of an IIPP include:

- Employee compliance with safe and healthy work practices.
- Investigation of injuries and/or illnesses.
- Procedures for correction of unsafe/unhealthy conditions, work practices, and/or procedures.
- Procedures to identify and evaluate workplace hazards.
- Responsible person(s) and contact information.
- Safety training.
- System for communication with employees.
- Thorough safety program recordkeeping and document retention practices.

#### Heat Illness Prevention Plan

Written protocols regarding heat illness prevention would be available to employers, managers, supervisors, and employees regarding how to prevent and handle heat illness incidents.

To prevent heat illness to employees in the field, several factors must be considered:

- Ambient temperature (measured via thermometer or weather report).
- Crew size.
- Excessive clothing.
- Other relevant exposures.
- Presence of personal protective equipment or additional sources of heat.
- Work shift duration.

The following heat illness factors would be considered:

- Accessibility of drinking water.
- Accessibility of shade (via protective structures).
- Periodic rest breaks.
- Reminders to employees to remain hydrated.

#### Hazard Communication Policies

Hazard communication is important to ensure the safety of all onsite employees, contractors, and subcontractors. Potential and known hazards would be made clear prior to conducting tasks and activities. Implementing this procedure is important to ensure that employees, contractors, and subcontractors are informed about the relevant risks associated with certain onsite tasks and the reduction of liabilities against the employer for improper use of equipment, machinery, and tools.

#### Emergency Procedures

Emergency procedures include the availability of eye washing stations and detailed procedures for dealing with chemical spills. In the event of an emergency, certain protocols would be developed and followed regarding fire evacuation plans, earthquake safety, and other emergency scenarios.

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### Chemical Handling

Any input products used onsite would be accompanied by MSDS and Chemical Inventory Lists that would be available to inspectors and employees and maintained onsite.

In the event of emergency spills, Call 9-1-1 and then report to the Office of Environmental Safety (OES) and California State Warning Center (CSWC) at 800-852-7550 or 916-845-8911 and identify proper steps to isolate the incident and cleanup.

### Eye Washing Station

Often, chemicals used onsite provide MSDS sheets that indicate the need for applicators to utilize an eye washing station after exposure. The eye washing station must be positioned within 200' of the cultivation area and any areas where chemicals, fertilizers, or pesticides would be used or administered for various applications.

### Employee Accident Policies

An investigation would be conducted to determine next steps.

The company adheres to protocols for employee accident reporting. The manager is responsible for documenting any onsite incidents using *Form 5020*, including:

- Address of accident/event site.
- Description of accident/event and if the accident scene/instrumentation has been altered.
- Employer's name, address, and telephone number.
- Law enforcement agencies present at the accident/event site.
- Location of medical treatment.
- Name and address of injured employee(s).
- Name and job title of reporting party.
- Name of contact person at accident/event site.
- Nature of injuries.
- Time and date of accident/event.

Accidents need to be reported immediately to Cal/OSHA in Redding at 530-224-4743.

Contact the business' medical provider, the employee's designated medical provider, or 9-1-1, depending on the severity of the incident. Follow up with contact to the California Division of Workers' Compensation (CDWC).

### Personal Protective Equipment Policies

Application of pesticides and fungicides requires personal protective equipment, including respirators, Tyvek suits, and gloves. It is the applicator's responsibility to ensure safety in the field. The farm manager is responsible for furnishing, applying, and informing of the appropriate uses associated with such products.

Applicators are required to acquire an Operator ID through the Agriculture Commissioner via the Pesticide Handling Training Program (PHTP). This would involve training applicators about labels, cautions, and recommended Personal Protective Equipment (PPE). Pesticide PPE would be stored onsite and separately

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from fertilizers, pesticides, and fungicides. Restricted Entry Intervals (REI) would be imposed and posted after application of chemicals to prevent exposures.

Additional PPE provided onsite for any processing labor would include access to gloves and dust masks by employees during drying, processing, and packaging.

It is the responsibility of managers/supervisors to ensure that PPE policies are followed during appropriate working conditions. In the event of product application by an employee, the applicator must be designated an operator ID and is required to employ the proper PPE during application, as well as abide by label warnings in the event of exposure, poisoning, or a spill.

Processors may be required by State law to employ PPE equipment for the duration of their shifts to ensure no exposure to and/or contamination from a product.

All laborers must be made aware of REI and tangible notification of the recommended REI after the application of pesticides, fungicides, and other chemical applications.

### Occupancy & Structural Guidelines

The general environments in which laborers would work include the field and within the proposed processing building. The environments in which any agricultural activity would occur would follow all guidelines (per agricultural and labor oversight agencies). The facility would need to meet commercial building standards in accordance with California Building Codes and would be made compliant with the American with Disabilities Act (ADA) and Architectural Barriers Act (ABA).

Any housings, buildings, and structures would be subject to California Building Code (CBC), including possible permitting requirements, inspections, and certificate(s) of occupancy. Additionally, specific exemptions exist that pertain to agricultural standards under the Occupational Safety and Health Administration (OSHA) and in conformance with the Occupational Safety and Health Guidelines (OSHG) (unless the Project meets certain exemptions, such as being a family-owned and operated business, does not offer temporary labor housing, or employs fewer than 10 employees at any given time). In other such cases, the site would need to comply with OSHA Guidelines pertaining to agricultural employment.

### Project Processing Environment

The Plot Plan includes a personal residence that is not extended to employees. Applicant proposes a processing facility onsite that is furnished to support trimming, drying, curing, grading, sorting, and storage activities. It is expected that structures for this project would support a maximum of fifteen (15) people during peak processing activities. Applicant may propose additional structural development to accommodate enhanced operational needs.

### Housing

A primary residence supports the site and will not be extended to employees.

Any housing provided to employees for this Project will be subject to CCR regulations found in the *Source Guide for Federal & State Requirement for Employees and Migrant Housing*.

### Notification of Occupancy & Terms

As per the DIR and the US-DOL, all notices and labor postings would be provided and visible to all onsite employees. Any notification of occupancy status and terms of employee occupancy would be posted in

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compliance with all local, State, and Federal laws governing agricultural employers under the following regulatory bodies and regulations:

- California Agricultural Labor Relations Act (CALRA).
- California Occupational Safety & Health Administration (Cal/OSHA).
- Department of Industrial Relations (DIR).
- State and National Agricultural Labor Relations Board (CLRB & NLRB).
- U.S. Department of Labor (US-DOL).

#### Maintenance of Sanitary Facility

To help ensure the quality of finished product, a clean working environment would be maintained during the drying, curing, processing, and packaging stages of cultivation. Among other benefits, this would prevent potential contamination between crop batches. All product would be batch tested prior to processing. In the event of a recall, it would be assured that each batch or variety has not become contaminated during these stages within the processing facility.

#### Dust Control Measures

In the event of high dust levels, all processing environments would maintain clean working areas to prevent potential dust exposure to employees.

To ensure product quality and to prevent potential contamination of processing environments, certain dust control measures would be implemented. These measures would include maintenance of sanitary working environments and possible implementation of air filtration systems.

#### Water Access & Facilities

The Project site would provide employees with access to the following facilities/resources within reasonable proximity to work areas:

- Handwashing facilities (processing area).
- Onsite potable water (work areas).
- Restroom facilities (processing area).

## Contingency Plan

In accordance with specifications provided by the DEH and the California Unified Program Act (CUPA)—to meet the business plan criteria required to ensure compliance with regulations that are intended to protect public health and the environment—this section addresses water production (including well construction) and the handling of onsite wastewater, solid waste, and hazardous materials.

### Summary

The Contingency Plan addresses onsite wastewater and hazardous wastes, solid waste removal and recycling, water production and well construction, hazardous materials handling, agricultural product storage, and chemical spill procedures and handling guidelines.

Material Safety Data Sheets (MSDS) for all fertilizers, soil amendments, and pesticides would be made available onsite. If requested, all equipment maintenance performed onsite would be listed/described. Per California Department of Food and Agriculture (CDFA) regulations, chemicals would be stored separately from fuels, oils, and related products. Fertilizers and pesticides, specifically, would be stored in locked containment within an outdoor structure.

Chemical spills would be handled and reported per directions in the Project's Chemical Spill Procedure.

Common waste products that would be used or generated onsite include:

- Fertilizers.
- Fuels.
- Household chemicals.
- Human refuse.
- Human waste.
- Pesticides/herbicides/fungicides.

To ensure mitigation of potential pollution of grounds, nearby waterways, and ecological habitats, the proper treatment, storage, removal, and overall security of potentially polluting products would be ensured via use of dedicated areas and containers that are covered and watertight.

### Project Waste Management

The sections below address the Project-specific details, impacts, and procedures for handling waste products.

#### Project Specific Details

A primary residence and auxiliary agricultural structures support the site. Applicant proposes two (2) structures that will support propagation of nursery stock, and one (1) processing facility to support trimming, drying, curing, grading, sorting, and storage activities. Applicant also proposes PG&E to support the site.

#### Onsite Wastewater/Hazardous Wastes

The proposed Project location is equipped with a septic system that is plumbed to the main residential structure. The proposed processing facility will also be supported by a septic system. Employees would

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utilize the secondary septic system for regular uses. Now, no record of permit or data exists regarding age or specifications of the current system. Further inspections may be required to identify the septic system's ability to support increased use during peak seasonal work times and whether it requires an upgrade to meet commercial standards.

The Sponsor has identified that the operation requires up to fifteen (15) employees during peak staffing to perform seasonal work activities. It is estimated that peak staffing would occur for a duration of approximately six (6) to eight (8) weeks (cumulative) throughout the active working parts of the season.

#### Waste Management Standards

As per the CCR, Title 8, § 3457, which addresses field sanitation standards, the cultivation site is required to provide access to waste facilities within one-quarter (1/4) mile or a five (5) minute walk, whichever is shorter.

If the primary septic system is not within this accessibility threshold, a portable facility or pit privy may be provided in lieu of septic to support waste activities. The standards for portable waste facilities are as follow:

- Toilet facilities: Shall be always operational, maintained in a clean and sanitary condition, and kept in good repair. Records of service and maintenance shall be retained for two years.
- Chemical toilet wastewater tank: Shall be constructed of durable, easily cleanable material and have a minimum tank capacity of forty (40) gallons. Construction shall prevent splashing on the occupant, field, or road.
- Chemical tanks: Contents shall be disposed of by draining or pumping into a sanitary sewer, an approved septic tank of sufficient capacity, a suitably sized and constructed holding tank approved by the local health department, or any other method approved by the local health department.
- Privies: Shall be moved to a new site or taken out of service when the pit is filled within two (2) feet of the adjacent ground surface. When the privy is moved, the pit contents will be covered with at least two (2) feet of well-compacted dirt.

#### Solid Waste Removal/Recycling

All garbage will be contained within a holding structure and is to be removed no less than once per week. All waste and/or recycling materials will be processed by a permitted solid waste/recycling facility. The facility designated to receive waste products for this project is Southern Humboldt Waste Management.

#### Water Production/Well Construction

The Project is supported by a deeded spring existing on adjacent Parcel No. 104-112-004 for domestic use only, a 100,000-gallon rainwater pond for cultivation and emergency purposes only (see plot plan for locations). A proposal for a 1,000,000-gallon rainwater catchment pond for cultivation purposes only, and a proposed onsite groundwater well that will support both domestic and supplemental cultivation irrigation uses. Proposals for the new ground water well and rainwater catchment pond is reflected on the plot plan.

Approximated water use for activities are denoted within the *Cultivation Schedule* under the Cultivation Plan below. Monthly monitoring and annual reporting must be implemented to identify actual total uses for domestic and cultivation activities.

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### Hazardous Materials Handling

Applicant is currently using generators to support projects energy needs and is proposing to support the project site by PG&E utilities and would not require fuels to supply the domestic energy needs of the structures or cultivation activities in the future phases of development. Other fuels may be used for small equipment and machinery and may include gasoline, oils, and diesel. All fuels used for equipment would be stored per the (CUPA) fuel and chemical storage guidelines.

To meet environmental health standards, applicants must maintain a list of and describe all compressed gases, cleaners, and sanitizers (including, but not limited to, household chemicals, bleach, and alcohol) and document quantities stored onsite. Fuels, pesticides, and other agricultural/household chemicals are required to be stored in locked containment, separate from other input products. Any substance in use shall be accompanied by a posted notification that clearly identifies its nature. To prevent spills onto ground surfaces, any motors, fuel containers, etc. would be stored in drop pans and within an enclosed area.

### Hazardous Material Standards

Quantities that trigger disclosure are based on the maximum amount onsite at any one time, as follows:

- 55 gallons, 500 pounds, or 200 cubic feet (for 30 days or more at any time during a year).
- Any amount of hazardous waste.
- Category I or II pesticides.
- Explosives.
- Extremely hazardous substances (above the planning threshold).

MSDS for all fertilizers, soil amendments, and pesticides (including organically produced examples) would be furnished and made available onsite. Compressed gases, cleaners, and sanitizers are stored on the premises in the quantities outlined in the *Gases and Cleaners* inventory list that is maintained onsite.

Applicants are required under CUPA guidelines to list/describe all equipment maintenance performed onsite (including changing oil, antifreeze, etc.). Upon request, applicant will furnish information regarding ongoing maintenance of small machinery and equipment that is necessary to support cultivation activities.

### Project Equipment Inventory

- Gas Powered Water Pump
- Electric Water Pump
- Two (2) Honda Rancher Quad
- 1000-watt Honda Generator
- 3000-watt Honda Generator
- 7000-watt Honeywell Generator
- Wood Chipper
- Husqvarna Roto-Tiller
- Riding Lawn Mower
- 99-gallon Diesel Transfer Tank (personal)

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*Maintenance**Offsite**Project Product Inventory**Household Chemicals (Location)*

- Bleach (less than 2-gallons)
- Rubbing Alcohol (5-gallon max)
- Standard Household Cleaners (personal use)

*Fuels/Oils (Location)*

- Gasoline (20-gallon)
- Liquid Propane Gas (20-gallon)

*Fertilizers/Pesticides/Fungicides/Rodenticides (Location)*

- Four (4) Max Sea Granular Fertilizer 16-16-16 (50lb)
- Four (4) Max Sea Granular Fertilizer 3-20-20 (50lb)
- Grow More Fertilizer 30-10-10 (50lb)
- Grow More Fertilizer 0-50-30 (50lb)

*Agricultural Product Storage*

As per the DPR (enforced by CDFA or the local Agriculture Commissioner), Projects that utilize pesticides and fertilizers must meet guidelines pursuant to CCR, § 6670, Title 3, Division 6, *Pesticide, and Pesticide Control Operations*. General guidelines dictate that chemicals are to be stored separately from fuels, oils, and similar products. Fertilizers and pesticides would be stored in locked containment within an enclosed outdoor structure.

*Chemical Spill Procedure/Handling*

In the event of emergency spills, the incident would be reported to the Cal OES State Warning Center at 800-852-7550 or 916-845-8911. The California Highway Patrol must be notified via 9-1-1 of spills occurring on highways in the State. The *Chemical Spill Procedure* would be followed and emergency services also contacted via 9-1-1. The procedure would follow the California Office of Emergency Services (Cal OES) *California Hazardous Materials Spill/Release Notification Guidance* (February 2014) and the (EPA) (Pacific Southwest, Region 9) *Chemical Spills Prevention and Preparedness* webpage.

In the State of California, many statutes require emergency notification of a hazardous chemical release, including:

- California Labor Code § 6409.1 (b).
- Government Code § 51018, 8670.25.5 (a).
- Health and Safety Code § 25270.8, § 25510.
- Public Utilities Code § 7673 (General Orders #22-B, 161).
- Title 42, U.S. Code § 9603, 11004.
- Vehicle Code § 23112.5.
- Water Code § 13271, § 13272.

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In addition to statutes, several agencies have notification or reporting regulations:

- Title 8, CCR, § 342.
- Title 13, CCR, § 1166.
- Title 14, CCR, § 1722 (h).
- Title 17, CCR, § 30295.
- Title 19, CCR, § 2703, 2705.
- Title 22, CCR, § 66265.56 (j), § 66265.196 (e).
- Title 23, CCR, § 2230, 2250, 2251, 2260.
- Title 40, CFR, § 263 esp. § 263.30.
- Title 49, CFR, § 171.16.

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## Security Plan

The Project's *Security Plan* includes product security, inventory management, and diversion prevention. Pertinent regulatory language includes the following:

Assembly Bill 604 (AB-604), Article 3, Mandatory Commercial Registration, § 26040 (5): "Security requirements, including, but not limited to, procedures for limiting access to facilities and for the screening of employees. The department shall require all registrants to maintain an accurate roster of any employee's name, date of birth, and relevant identifying information, which shall be available for inspection by the department or State or local law enforcement upon demand."

AB-604, Article 3, Mandatory Commercial Registration, § 26046 (a)(3): "Operating and inventory control procedures to ensure security and prevent diversion."

AB-604, Article 3, Mandatory Commercial Registration, § 26046 (a)(4): "Detailed operating procedures for the proposed facility, which shall include, but not be limited to, provisions for facility and operational security, prevention of diversion, employee screening, storage of medical cannabis, personnel policies, and recordkeeping procedures."

### Summary

The Security Plan details efforts to prevent loss and diversion of medical cannabis product at all stages of its cultivation and processing, including drying, trimming, curing, processing, and packaging. Robust recordkeeping would be implemented and maintained for quality assurance, inventory management, and prevention of diversion.

### Measures of Security

Several security measures would be involved in the comprehensive protection of medical cannabis product during the cultivation and processing lifecycles. These include exterior lighting, alarms, cameras and video capture, and the hardening of doors, windows, and fencing.

Security measures for this project would encompass, at a minimum:

- Locked containment for product processing and storage (to be developed).
- Locked entry into property.
- Surveillance and monitoring systems (to be developed as per the State's requirements).

### Points of Security

- Locked gates at each entrance.
- Locked containment for product storage facilities.
- 24-Hour Surveillance System.

### Inventory Management

A rigorous system of recordkeeping and reporting would be facilitated to adhere to the State's Track and Trace requirements of all cannabis products. This would include (but not be limited to) flower, trim, and stem to ensure zero diversion of product throughout processing.

Prepared for Simply Humboldt, LLC by AgDynamix, LLC (July, 2017)

To prevent loss and diversion, all cannabis products would be stored under locked containment during the drying, curing, and packaging phases of processing. Products would also be subject to conformance with a checks and balances system to ensure the prevention of unintentional diversion.

#### Prevention of Diversion

The most vulnerable stage of product security is transit to retail outlets. The best way to ensure product safety and prevention of diversion and loss is to maintain adequate chain of custody records via the Agricultural Commissioner.

This would occur under the oversight of the CDFA, in congruence with SICPA's Track and Trace Program. Additionally, retail outlets would be informed of expected delivery quantities. This would include packing slips, tamper-evident seals, verification of credibility, liability coverage, and manifests provided by licensed transporters.