



**COUNTY OF HUMBOLDT**  
**PLANNING AND BUILDING DEPARTMENT**  
**CURRENT PLANNING DIVISION**

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3015 H Street Eureka CA 95501  
Phone: (707) 445-7541 Fax: (707) 268-3792

Hearing Date: September 21, 2017

To: Humboldt County Planning Commission

From: Steve Werner, Supervising Planner

Subject: **Southern Humboldt Royal Cannabis Company Conditional Use Permit**  
Application Number 11318  
Case Number CUP16-226  
Assessor's Parcel Number (APN) 107-055-005  
255 Doreen Road, Honeydew Area

**Table of Contents**

**Page**

Agenda Item Transmittal  
Recommended Action and Executive Summary  
Draft Resolution

Maps

Location Map  
Zoning Map  
Aerial Map  
Topo Map  
Project Plans

Attachments

Attachment 1: Recommended Conditions of Approval  
Attachment 2: Staff Analysis of the Evidence Supporting the Required Findings  
Attachment 3: Applicant's Evidence in Support of the Required Findings  
Attachment 4: Referral Agency Comments and Recommendations

Please contact Michelle Nielsen, Planner, at 707-268-3708 or by email at [mnielsen@co.humboldt.ca.us](mailto:mnielsen@co.humboldt.ca.us) if you have any questions about the scheduled public hearing item.

## AGENDA ITEM TRANSMITTAL

Hearing Date	Subject	Contact
September 21, 2017	Conditional Use Permit	Michelle Nielsen

**Project Description** Southern Humboldt Royal Cannabis Company is applying for a Conditional Use Permit (CUP) for 15,108 square feet of existing mixed-light and 5,040 square feet of existing outdoor cannabis cultivation (20,148 square feet total). The applicant propagates plant stock on site in a 3,400 square foot greenhouse. Processing is done on-site. The applicant proposes to construct a commercial processing facility that meets commercial building standards in accordance with California Building Codes and will be compliant with the Americans with Disabilities Act (ADA). The applicant sources water for irrigation from an on-site permitted well and a rainwater catchment system that utilizes the greenhouse gutters for rainwater collection. The applicant has 170,000 gallons of water storage in existing hard tanks and bladders on the property. The property is currently enrolled under the Commercial Cannabis Waste Discharge Regulatory Program (CCWDRP) administered by the North Coast Regional Water Quality Control Board (RWQCB) as a Tier 2 cultivator.

**Project Location:** The project is located in the Honeydew area of Humboldt County, on the east and west sides of Doreen Road, approximately .41 miles south from the intersection of Mattole Road and Doreen Road, on the property known as 255 Doreen Road, Honeydew.

**Present Plan Land Use Designations:** Agricultural Lands (AL), Framework Plan (FRWK), Density: 160 to 20 acres per dwelling unit, Slope Stability: Moderate Instability (2).

**Present Zoning:** Forestry Recreation (FR) B-5

**Case Number:** CUP-16-226

**Application Number:** 11318

**Assessor Parcel Numbers:** 107-055-005

**Applicant**

Southern Humboldt Royal  
Cannabis Company  
Attn.: Sean Stramm  
1705 McKinleyville Avenue  
McKinleyville, CA 95519

**Owner**

Pamela Lane & Sean Stamm  
109 Page Way  
Fortuna, CA 95540

**Agents**

N/A

**Environmental Review:** CEQA Exemption Sections: 15301 (Existing Facilities) and 15303 (New Construction/Conversion Small Structures) of the California Environmental Quality Act (CEQA) State Guidelines.

**State Appeal Status:** Project is located outside the Coastal Zone and is therefore NOT appealable to the California Coastal Commission.

**Major Issues:** None.

## SOUTHERN HUMBOLDT ROYAL CANNABIS COMPANY

Case Number CUP16-226

Assessor's Parcel Number 107-055-005

### Recommended Planning Commission Action

1. Describe the application as a Public Hearing;
2. Request that staff present the project;
3. Open the public hearing and receive testimony; and
4. Close the hearing and take the following action:

*Find the project Categorically Exempt from environmental review pursuant to Sections 15301 and 15303 of the State CEQA Guidelines, make all the required findings for approval of the Conditional Use Permit based on evidence in the staff report and any public testimony, and adopt the Resolution approving the proposed Southern Humboldt Royal Cannabis Company Conditional Use Permit subject to the recommended conditions.*

**Executive Summary:** Southern Humboldt Royal Cannabis Company (SHR) seeks approval of a Conditional Use Permit (CUP) for 15,108 square feet of existing mixed-light cannabis cultivation and 5,040 square feet of existing outdoor cannabis cultivation and ancillary processing and greenhouse activities. The project site is comprised on one legal parcel identified as APN 107-055-005.

The 42.50-acre property is zoned Forestry Recreation (FR) B-5. The CCMLUO identified FR-zoned parcels 5 acres or larger as sites where existing cannabis cultivation activities could be allowed. Mixed-Light cultivation between 10,000 and 22,000 square feet is allowed subject to the issuance of a CUP. A CUP is a discretionary permit, meaning that the Planning Commission must consider whether the findings required for permit approval can be met for the described project.

The project site consists of three cultivation areas: Upper Site, East Site, and Lower Site. Existing and proposed structures on each site are broken down below:

The Upper Site includes a building for curing and drying, an equipment storage building, an out building, four green houses, a shop, a garage, an outdoor cultivation space, and utility equipment (including water storage and energy improvements). A new nursery greenhouse is being proposed.

The East Site includes a shop, five green houses, an outdoor cultivation area, a parking area, and utility equipment (including water lines and energy improvements). A new processing, storage, and security building is being proposed.

The Lower Site includes a living structure, a greenhouse, a shed, outdoor cultivation areas and utility infrastructure (including a septic tank, leach field, water lines, and energy improvements). No new structures are proposed on this site.

In review of this project, considerable documentation submitted by the applicant was analyzed. The following discussion summarizes these project details.

### Operations

SHR would operate cultivation in a continuous rotation year-round both outdoors and in mixed-light greenhouses. SHR's location features multiple mixed light greenhouses, a vegetative nursery, an ADA compliant processing facility, drying rooms, and various outdoor patches. The vegetative nursery would not be used to produce any medical cannabis products for retail or

wholesale sale. SHR has consolidated its pre-existing outdoor cultivation areas that were previously scattered about the property to be within the fenced areas and in close proximity to the other cultivation structures. Six employees, including the applicant, would run the operations.

### **Access/Parking**

The project site is accessed from Doreen Drive, which is accessed from County road Mattole Road. The applicant is prepared to upgrade roads as deemed necessary by the Humboldt County Department of Public Works, North Coast Regional Water Quality Control Board compliance requirements, and all other agencies. To access the SHR site, all visitors must pass through a series of locked, keycoded gates. All traffic through each gate is monitored continually. Motion sensors and surveillance cameras will be mounted strategically to record and notify onsite security personnel of all attempts to access the property, whether permitted or not. Each of SHR's three cultivation areas on site will be surrounded by eight foot tall metal fencing with a locked gate limiting access to onsite cultivation personnel. Additionally, each greenhouse has its own locking door and is circumscribed by wire for additional security.

As shown on the proposed site plan, employee parking will take place at the east portion of the site. A 1,628 square foot parking area adjacent to the proposed processing, storage, and security building would accommodate employee parking. This parking area is proximate to Doreen Drive and would accommodate anticipated parking demand for SHR employees.

### **Water Sources & On-site Wastewater System**

Water sources for the project would be from winter rain water catchments and permitted on-site wells. SHR has water storage capacity on the parcel sufficient to hold 170,000 gallons of water. Additional water storage capacity in the form of rainwater catchments would be added as necessary. Water would be pumped into separate storage tanks for processing before irrigation. Per North Coast Regional Water Quality Control Board (NCRWQCB), the size and scope of the water storage shall be such that the amount of water used shall not adversely impact water quality and/ or beneficial uses. SHR would apply for appropriate permitting for any additional on-site water storage from the Humboldt County Building Inspection Division if required.

Per the North Coast Regional Water Quality Control Board Order No. 2105-0023 requirements, SHR acknowledges responsibility for water resource and water quality impacts associated with the occupancy of and activities on the parcel site. SHR would self-certify as a Tier 2 Discharger per the NCRWQCB Order No. R1-2015-0023, both submitting a copy of the self-certification and retaining a copy on-site. SHR would facilitate any NCRWQCB inspections necessary to assess compliance.

### **Lighting & Electrical Service**

Mixed-light greenhouses used by Southern Humboldt Royal for cultivating cannabis will be built to specifications that comply with Humboldt County Code §314-55.4.11(t) and (u). This includes ensuring that very little, if any, light escapes, minimizing any impact to the surrounding habitat. No light emitted by any of SHR's mixed-light greenhouses will be visible from any neighboring property between sunset and sunrise. Moreover, all light sources used in the production of cannabis in SHR's mixed-light greenhouses will comply with International Dark Sky Association standards for Lighting Zone 0 and Lighting Zone 1 and will be designed to regulate light spillage onto neighboring properties resulting from backlight, uplight, or glare. SHR acknowledges and understands that all complaints regarding light spillage must be addressed within 10 working days of receiving written notification of such a violation. Southern Humboldt Royal has constructed a new greenhouse for the vegetative phase of growing that can be covered automatically during times where supplemental light is necessary.

SHR would utilize renewable energy to power all operation. This would primarily be accomplished through the use of solar power. When there is insufficient solar power to recharge the renewable energy system, SHR would use non-grid generator power. The generator would only be used intermittently and would remain below 60 decibels at all times. Additionally, SHR would work with environmental consultants to evaluate the auditory disturbance and ensure compliance with guidance prepared by the United States Department of Fish and Wildlife to protect habitat.

#### *Staff Recommendation*

Based on the on-site inspection, a review of Planning Division reference sources and comments from all involved referral agencies, the applicant has submitted evidence in support of making all of the required findings for approving the Conditional Use Permit.

**Alternatives:** Several alternatives may be considered: 1) The Planning Commission could elect not to hear this item and put the decision making in front of the Planning Commission. Any decision to place this matter before the Planning Commission must be done before opening the public hearing on this project; 2) The Planning Commission could elect to add or delete conditions of approval; 3) The Planning Commission could deny approval of the requested permits if you are unable to make all of the required findings. Planning Division staff is confident that the required findings can be made based on the submitted evidence and subject to the recommended conditions of approval. Consequently, planning staff does not recommend further consideration of these alternatives.

**RESOLUTION OF THE PLANNING COMMISSION  
OF THE COUNTY OF HUMBOLDT  
Resolution Number 17-  
Case Number CUP16-226  
Assessor Parcel Number: 107-055-005**

**Makes the required findings for certifying compliance with the California Environmental Quality Act and conditionally approves the Southern Humboldt Royal Cannabis Company Conditional Use Permit request.**

**WHEREAS**, Southern Humboldt Royal Cannabis Company submitted an application and evidence in support of approving a Conditional Use Permit for an existing 15,108 square foot of mixed-light cannabis cultivation and 5,040 square feet of existing outdoor cannabis cultivation and ancillary processing and greenhouse activities; and

**WHEREAS**, the County Planning Division has reviewed the submitted application and evidence and has referred the application and evidence to involved reviewing agencies for site inspections, comments and recommendations; and

**WHEREAS**, the project is exempt from environmental review per Sections 15301 (Existing Facilities) and 15303 (New Construction/Conversion Small Structures) of the California Environmental Quality Act (CEQA); and

**WHEREAS**, Attachment 2 in the Planning Division staff report includes evidence in support of making all of the required findings for approving the proposed Conditional Use Permit (Case Number CUP16-226); and

**WHEREAS**, a public hearing was held on the matter before the Humboldt County Planning Commission on September 21, 2017.

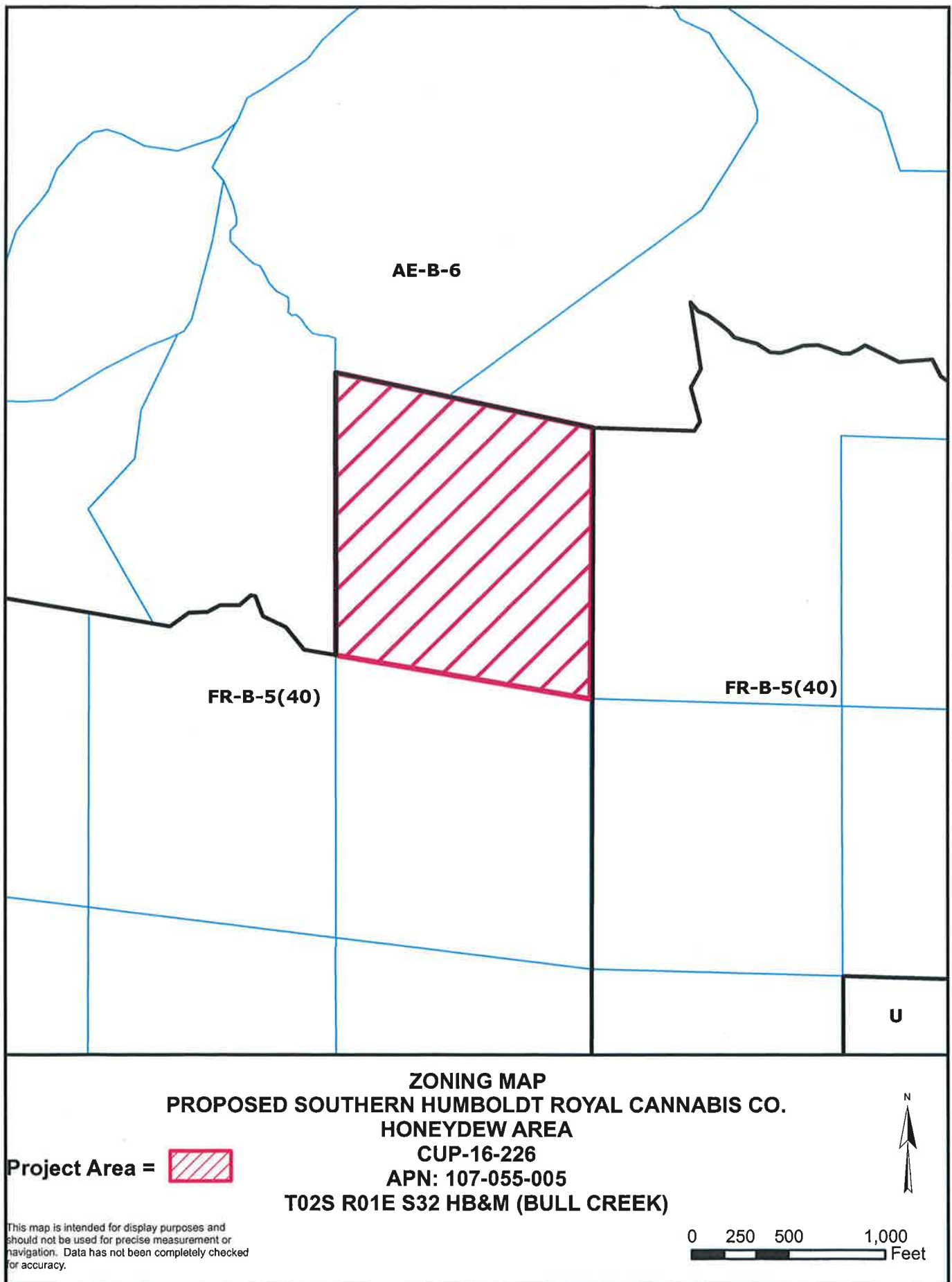
**NOW, THEREFORE**, be it resolved, determined, and ordered by the Planning Commission that:

1. The proposed project is exempt from environmental review; and
2. The findings in Attachment 2 of the Planning Division staff report support approval of Case Number CUP 16-226 based on the submitted evidence; and
3. The Conditional Use Permit applied for as recommended and conditioned in Attachment 1 for Case Number CUP16-226.

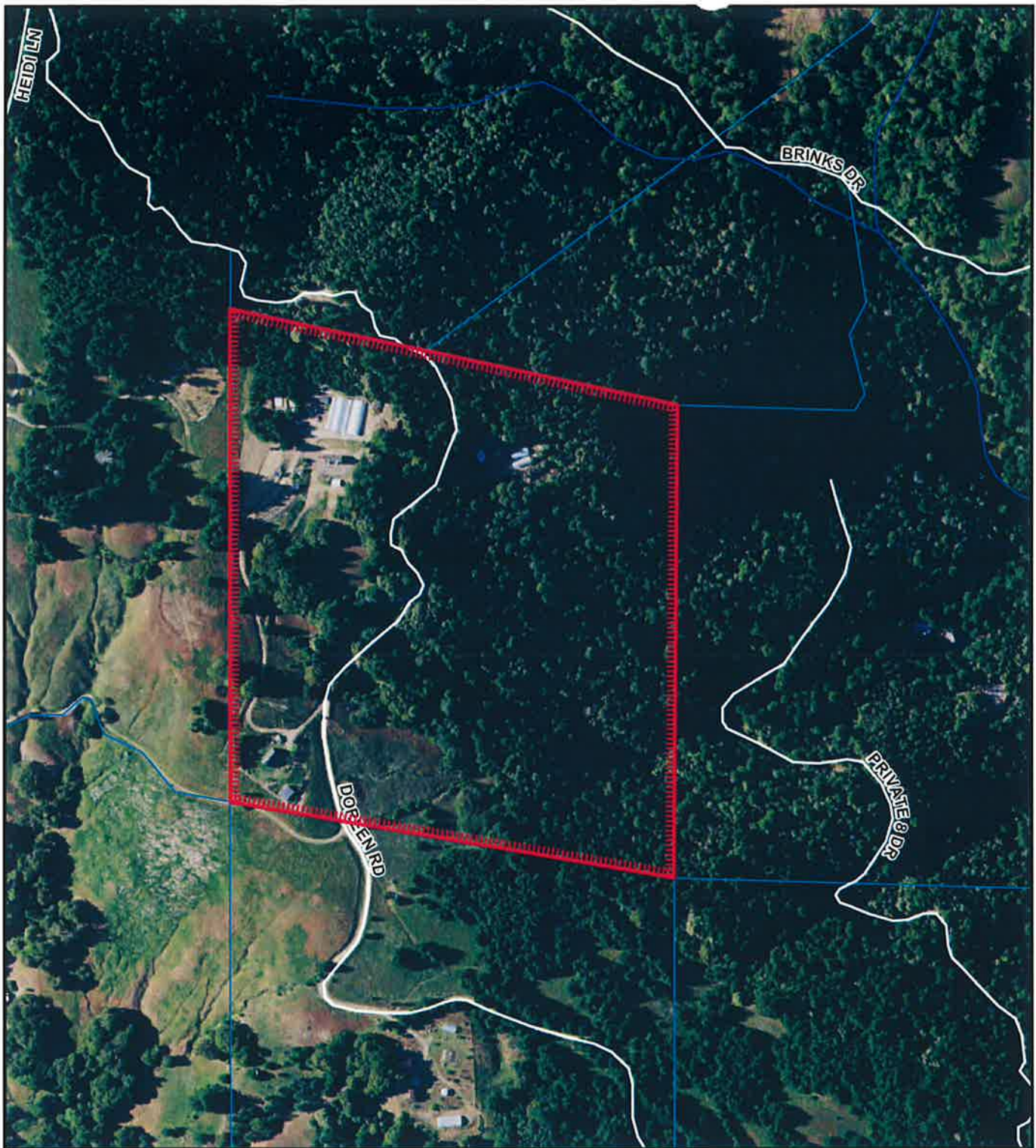
Adopted after review and consideration of all the evidence on September 21, 2017.

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John Ford  
Planning and Building Department







**AERIAL MAP  
PROPOSED SOUTHERN HUMBOLDT ROYAL CANNABIS CO.  
HONEYDEW AREA  
CUP-16-226**

**Project Area =** 

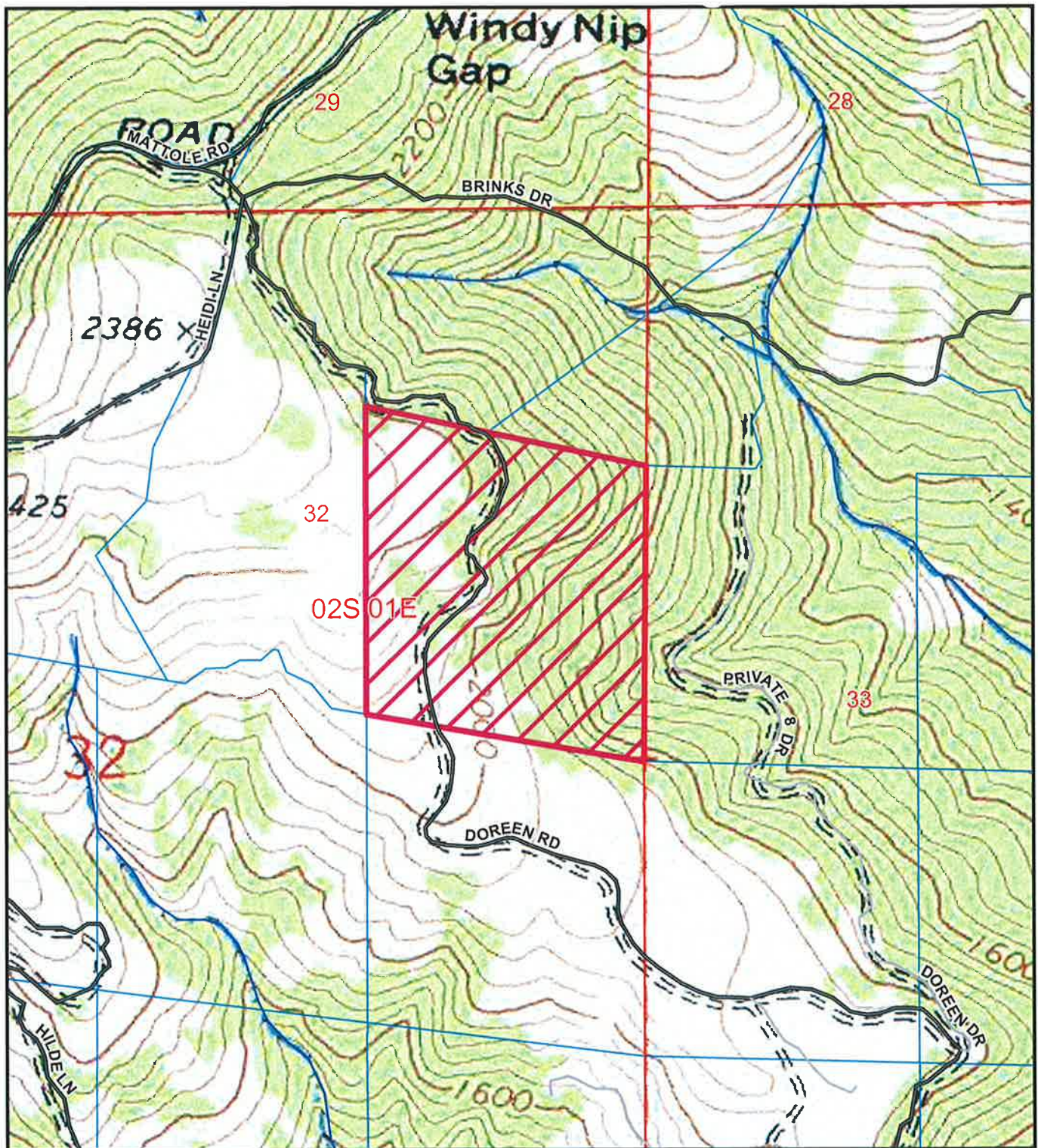
**APN: 107-055-005  
T02S R01E S32 HB&M (BULL CREEK)**



This map is intended for display purposes and should not be used for precise measurement or navigation. Data has not been completely checked for accuracy.

0 125 250 500  
Feet





**TOPO MAP  
PROPOSED SOUTHERN HUMBOLDT ROYAL CANNABIS CO.  
HONEYDEW AREA  
CUP-16-226**

**Project Area =** 

**APN: 107-055-005  
T02S R01E S32 HB&M (BULL CREEK)**



This map is intended for display purposes and should not be used for precise measurement or navigation. Data has not been completely checked for accuracy.

0 250 500 1,000 Feet



STAMM RESIDENCE

255 DOREEN DR., HONEYDEW, CA. 95545 APN: 107-055-05

PLOT PLAN

STAMM RESIDENCE

255 DOREEN DR., HONEYDEW, CA. 95545 APN: 107-055-05

PLOT PLAN

STAMM RESIDENCE

255 DOREEN DR., HONEYDEW, CA. 95545 APN: 107-055-05

PLOT PLAN

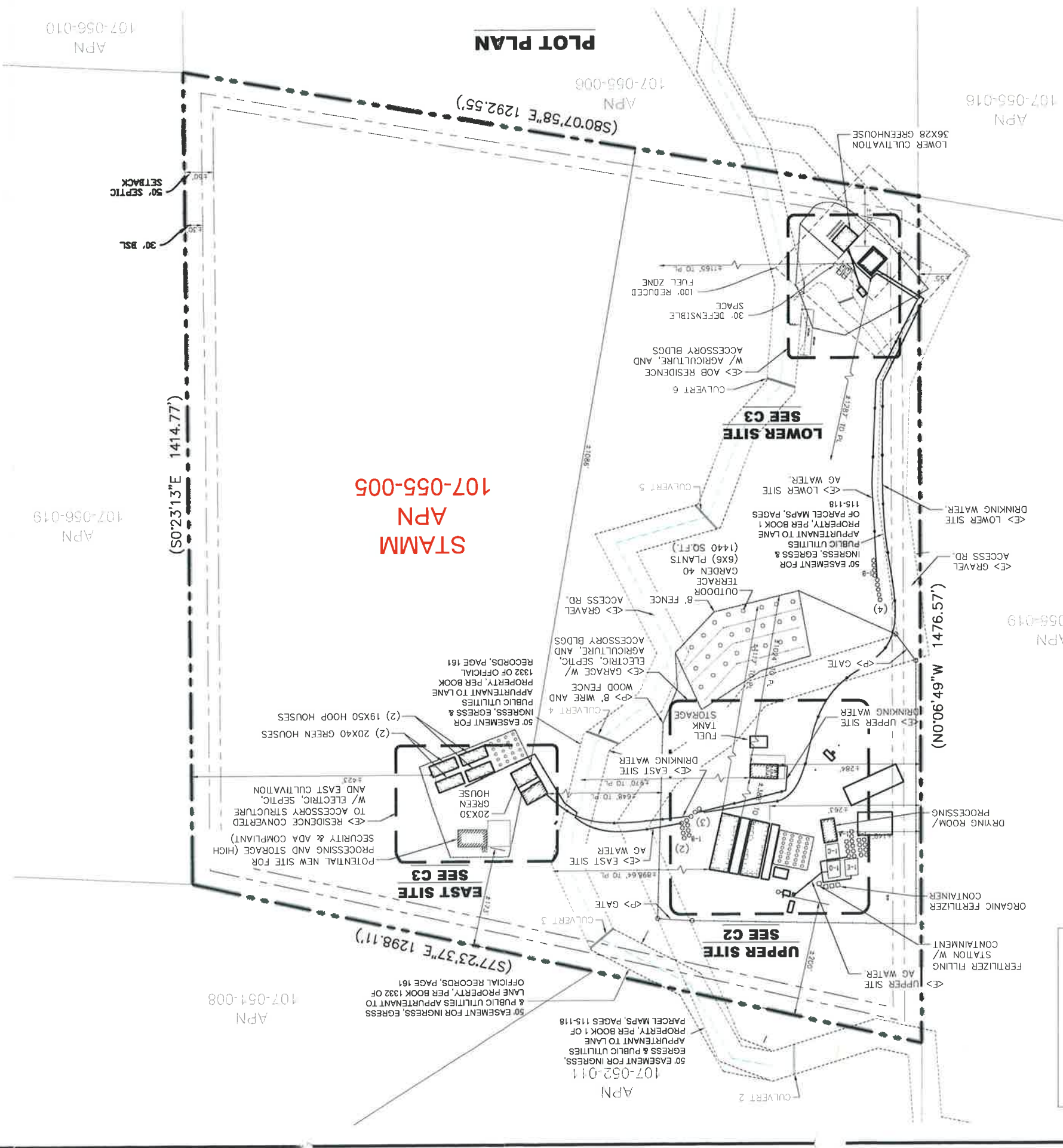
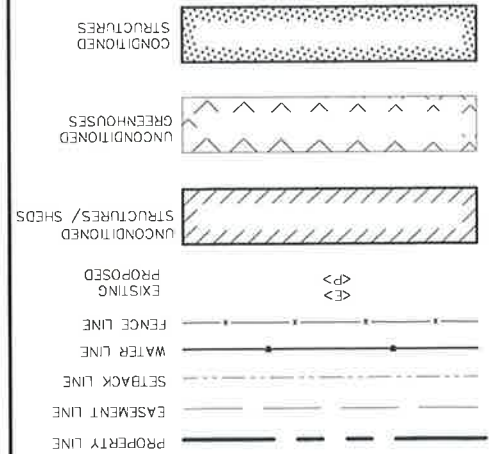


22x34 SHEET: 1"=100'  
11x17 SHEET: 1"=200'

OWNERS AGENT  
MANHARD CONSULTING  
611 "I" STREET SUITE A  
EUREKA, CA 95501  
(707) 444-3800

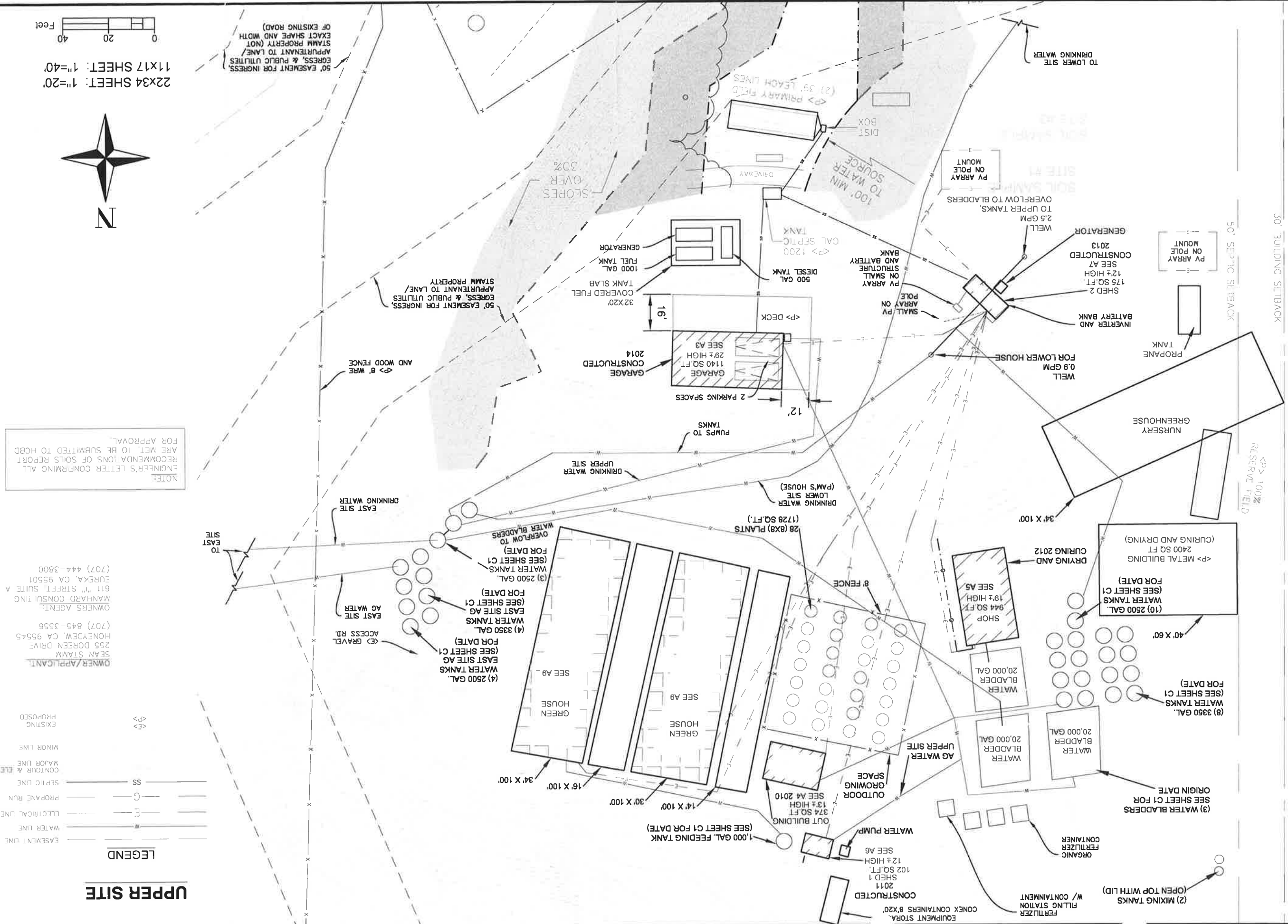
OWNER/APPLICANT  
SEAN STAMM  
255 DOREEN DRIVE  
HONEYDEW, CA 95545  
(707) 845-3556

PLOT PLAN NOTE:  
TOPOGRAPHICAL SURVEY DONE BY DYLAN KOLSTAD



- 1. A. 10 X 2,500 GALLON TANKS 5/10/2016
- B. 16 X 3,350 GALLON TANKS 3/1/2017
- C. 20,000 GALLON BLADDER 1/1/2012
- D. 20,000 GALLON BLADDER 1/1/2013
- E. 20,000 GALLON BLADDER 1/1/2014
- 2. 4 X 2,500 GALLON TANK 5/16/2015
- 3. 3 X 2,500 GALLON TANK 1/10/2010
- 4. 5 X 2,500 GALLON TANK 2/12/1996

DATE: 09/21/2017  
DRAWN BY: JMW  
CHECKED BY: JMW  
SCALE: AS NOTED  
SHEET: C2  
PROJECT: 255 DOREEN DR., HONEYDEW, CA. 95545 APN: 107-055-05  
PROJECT UPPER SITE



NOTE:  
ENGINEER'S LETTER CONFIRMING ALL  
RECOMMENDATIONS OF SOILS REPORT  
ARE MET, TO BE SUBMITTED TO HCBP  
FOR APPROVAL.

OWNER/APPLICANT:  
SEAN STAMM  
255 DOREEN DRIVE  
HONEYDEW, CA 95545  
(707) 845-3556  
OWNERS AGENT:  
MANHARD CONSULTING  
611 "I" STREET, SUITE A  
EUREKA, CA 95501  
(707) 444-3800

LEGEND

SS	CONTOUR & ELEV
C	SEPTIC LINE
E	PROPAPE RUN
W	ELECTRICAL LINE
W	WATER LINE
W	EASEMENT LINE
W	PROPOSED
W	EXISTING

DATE: 09/21/2017  
DRAWN BY: JMW  
CHECKED BY: JMW  
SCALE: AS NOTED  
SHEET: C2  
PROJECT: 255 DOREEN DR., HONEYDEW, CA. 95545 APN: 107-055-05  
PROJECT UPPER SITE

UPPER SITE



## ATTACHMENT 1

### CONDITIONS OF APPROVAL

Approval of the existing cannabis cultivation and other commercial cannabis activity is conditioned on the following terms and requirements which must be satisfied before the provisional cannabis cultivation permit can be finalized.

1. Within 60 days of project approval, the applicant shall execute a Compliance Agreement with the Humboldt County Planning Department detailing all necessary permits and infrastructure improvements described under Conditions of Approval #2 - 8. The agreement shall provide a timeline for completing all outstanding items. All activities detailed under the agreement must be completed to the satisfaction of the Planning and Building Department before the permit may be finalized and no longer considered provisional.
2. The applicant shall secure permits for all unpermitted structures related to the cannabis cultivation and other commercial cannabis activity. A letter or similar communication from the Building Division verifying that all structures related to the cannabis cultivation are permitted will satisfy this condition.
3. The two intersections of the existing access road, Doreen Drive, and the County road, Mattole Road, shall be improved to meet the County visibility ordinance and encroachment permit standards. This requires that both access road encroachments be paved for a minimum width of 20 feet and length of 50 feet.
4. Prior to constructing improvements within a County-maintained road right-of-way, the applicant shall apply for and obtain an Encroachment Permit from the Department of Public Works. [Reference: County Code 411-11 (a)(b)].
5. In accordance with the Framework, Vol.I, General Plan, the applicant shall:
  - a) Maintain erosion control as specified in §3432(9) of the Framework Plan;
  - b) Implement "Best Management Practices" for erosion and sediment control during the construction phase of the project;
  - c) Use dust control techniques when excavating to minimize dust problems on adjacent dwelling(s).
  - d) Reseed/gravel disturbed areas prior to winter rain; and
  - e) Take all precautions necessary to avoid the encroachment of dirt or debris on adjacent properties.

**This condition shall appear as an information note on the building permit plot plan.**

6. The applicant shall be compliant with the County of Humboldt's Certified Unified Program Agency (CUPA) requirements regarding hazardous materials. A written verification of compliance shall be required before any provisional permits may be finalized. Ongoing proof of compliance with this condition shall be required at each annual inspection in order to keep the permit valid.
7. The property owner shall execute and file with the Planning Division the statement titled "*Notice and Acknowledgment Regarding Agricultural Activities in Humboldt County*" as required by Section 314-43.2 of the Humboldt County Code. Contact the Planning Division for a copy of the required form.



8. The applicant shall submit a legible site plan drawn to scale and meeting the requirements of Building Inspection's Plot Plan Checklist for the review and approval of the Planning Director. The site plan shall show the setback distances of existing and proposed structures from the property lines and existing rights-of-way, and verify that the requisite 30 foot cannabis cultivation setback and all zoning setbacks are satisfied. If necessary the improvements shall be repositioned to comply with the standard or a lot line adjustment or other remedy suitable to the Planning and Building Department may be pursued.

**On-Going Requirements/Development Restrictions Which Must be Satisfied for the Life of the Project:**

1. All components of project shall be developed, operated, and maintained in conformance with the Project Description, the approved Site Plan, the Plan of Operations, Cultivation Plan, and these conditions of approval. Changes shall require modification of this permit except where consistent with Humboldt County Code Section 312-11.1, Minor Deviations to Approved Plot Plan.
2. Cannabis cultivation and other commercial cannabis activity shall be conducted in compliance with all laws and regulations as set forth in the CMMLUO and MMRSA, as applicable to the permit type.
3. In conformance with enrollment in an approved North Coast RWQCB compliance agreement as a Tier 2 cultivator the permittee shall abate or cure violations at the earliest feasible date, but in no event no more than two (2) years of date of issuance of a provisional clearance or permit. The permittee shall provide plans for curing such violations to the Planning & Building Department within one (1) year of issuance of the provisional clearance or permit.
4. Possession of a current, valid required license, or licenses, issued by any agency of the State of California in accordance with the MMRSA, and regulations promulgated thereunder, as soon as such licenses become available.
5. Compliance with all statutes, regulations and requirements of the California State Water Resources Control Board, Division of Water Rights, at a minimum to include a statement of diversion of surface water from a stream, river, underground stream, or other watercourse required by Water Code Section 5101, or other applicable permit, license, or registration, as applicable.
6. Confinement of the area of cannabis cultivation, processing, manufacture or distribution to the location depicted on the approved site plan. The commercial cannabis activity shall be set back at least 30 feet from any property line, and 600 feet from any School, School Bus Stop, Church or other Place of Religious Worship, Public Park, or Tribal Cultural Resources, except where a reduction to this setback has been approved pursuant to Section 55.4.11 (d).
7. Maintain enrollment in Tier 2 certification with the North Coast Regional Water Quality Control Board (NCRWQCB) Order No. 2015-0023, if applicable, or any substantially equivalent rule that may be subsequently adopted by the County of Humboldt or other responsible agency.
8. Consent to an annual on-site compliance inspection, with at least 24 hours prior notice, to be conducted by appropriate County officials during regular business hours (Monday -



Friday, 9:00 am - 5:00 pm, excluding holidays).

9. Refrain from the improper storage or use of any fuels, fertilizer, pesticide, fungicide, rodenticide, or herbicide.
10. Pay all applicable application and annual inspection fees.
11. Where surface water diversion provides any part of the water supply for irrigation of cannabis cultivation, permittee shall either: 1) forebear from any such diversion during the period from May 15th to October 31st of each year and establish on-site water storage for retention of wet season flows sufficient to provide adequate irrigation water for the size of the area to be cultivated, or 2) comply with the approved water management plan prepared by a qualified person such as a licensed engineer, hydrologist, or similar qualified professional, that establishes minimum water storage and forbearance period, if required, based upon local site conditions, or 3) adhere to the RWQCB approved Water Resources Protection Plan or other clearance issued by the agency. If the method of compliance changes during the term of the Conditional Use Permits, permittee shall notify the Planning and Building Department and furnish appropriate documentation of compliance with this standard.
12. Water is to be sourced locally (on-site) and trucked water shall not be allowed, except for emergencies. For purposes of this provision, "emergency" is defined as: "a sudden, unexpected occurrence demanding immediate action." Permittee shall maintain a record of dates), nature of the emergency, and the amount of trucked water delivered to demonstrate compliance with this standard.
13. The noise produced by a generator used for cannabis cultivation shall not be audible by humans from neighboring residences. The decibel level for generators measured at the property line shall be no more than 60 decibels. Where applicable, sound levels must also show that they will not result in the harassment of Marbled Murrelet or Spotted Owl species. Conformance will be evaluated using current auditory disturbance guidance prepared by the United State Fish and Wildlife Service, and further consultation where necessary.
14. Fuel shall be stored handled in compliance with applicable state and local laws and regulations, and in such a way that no spillage occurs.
15. If cultural resources are encountered during construction activities, the contractor on site shall cease all work in the immediate area and within a 50 foot buffer of the discovery location. A qualified archaeologist as well as the appropriate Tribal Historic Preservation Officer(s) are to be contacted to evaluate the discovery and, in consultation with the applicant and lead agency, develop a treatment plan in any instance where significant impacts cannot be avoided. Prehistoric materials may include obsidian or chert flakes, tools, locally darkened midden soils, groundstone artifacts, shellfish or faunal remains, and human burials. If human remains are found, California Health and Safety Code 7050.5 requires that the County Coroner be contacted immediately at 707-445-7242. If the Coroner determines the remains to be Native American, the NAHC will then be contacted by the Coroner to determine appropriate treatment of the remains pursuant to PRC 5097.98. Violators shall be prosecuted in accordance with PRC Section 5097.99.
16. Pursuant to the MMRSA, Health and Safety Code section 19322(0)(9), on applicant seeking a cultivation license shall "provide a statement declaring the applicant is on 'agricultural employer,' as defined in the Alatorre-Zenovich-Dunlap-Berman Agricultural Labor Relations

Act of 1975 (Port 3.5 commencing with Section 1140) of Division 2 of the Labor Code), to the extent not prohibited by law."

#### Performance Standards for Cultivation and Processing Operations

17. Cultivators shall comply with all applicable federal, state, and local laws and regulations governing California Agricultural Employers, which may include: federal and state wage and hour laws, CAL/OSHA, OSHA, California Agricultural Labor Relations Act, and the Humboldt County Code (including the Building Code).
18. Cultivators engaged in processing shall comply with the following Processing Practices:
  - I. Processing operations must be maintained in a clean and sanitary condition including all work surfaces and equipment;
  - II. Processing operations must implement protocols which prevent processing contamination and mold and mildew growth on cannabis;
  - III. Employees handling cannabis in processing operations must have access to facemasks and gloves in good operable condition as applicable to their job function; and
  - IV. Employees must wash hands sufficiently when handling cannabis or use gloves.
19. All persons hiring employees to engage in commercial cannabis cultivation and processing shall comply with the following Employee Safety Practices:
  - i. Cultivation operations and processing operations must implement safety protocols and provide all employees with adequate safety training relevant to their specific job functions, which may include:
    - 1) Emergency action response planning as necessary;
    - 2) Employee accident reporting and investigation policies;
    - 3) Fire prevention;
    - 4) Hazard communication policies, including maintenance of material safety data sheets (MSDS);
    - 5) Materials handling policies;
    - 6) Job hazard analyses; and
    - 7) Personal protective equipment policies, including respiratory protection.
  - ii. Cultivation operations and processing operations must visibly post and maintain an emergency contact list which includes at a minimum:
    - 8) Operation manager contacts;
    - 9) Emergency responder contacts; and
    - 10) Poison control contacts.
  - iii. At all times, employees shall have access to safe drinking water and toilets and handwashing facilities that comply with applicable federal, state, and local laws and regulations. Plumbing facilities and water source must be capable of handling increased usage without adverse consequences to neighboring properties or the environment.
  - iv. On site-housing provided to employees shall comply with all applicable federal, state, and local laws and regulations.
20. All cultivators shall comply with the approved Processing Plan as to the following:
  - i. Processing Practices;
  - ii. Location where processing will occur;
  - iii. Number of employees, if any;
  - iv. Employee Safety Practices;
  - v. Toilet and handwashing facilities;
  - vi. Plumbing and/or septic system and whether or not the system is capable of handling

- increased usage;
- vii. Drinking water for employees;
- viii. Plan to minimize impact from increased road use resulting from processing and
- ix. On-site housing, if any.

21. Permit duration. The permit shall be valid for one year from the effective date of approval, and on the anniversary of such effective date each year thereafter, unless an annual compliance inspection has not been completed and the permit holder has not been found to comply with all conditions of approval. In the event the inspection finds noncompliance, a written notification shall be provided to the permit holder identifying the items not in compliance and the action the permit holder may take to cure the noncompliance. Failure to cure the noncompliance shall result in termination of the permit. The process of notification, re-inspection, and appeal of any noncompliance determination shall be as set forth in Sections 55.4.1.2.2 and 55.4.13 of the CMMLUO.
22. Permit Renewals to comply with Updated Laws and Regulations. Permit renewal per Ongoing Condition of Approval #21 above is subject to the laws and regulations effective at the time of renewal, which may be substantially different than the regulations currently in place and may require the submittal of additional information to ensure that new standards are met.
23. Acknowledgements to Remain in Full Force and Effect. Permittee Acknowledges that the County reserves the right to reduce the size of the area allowed for cultivation under any clearance or permit issued in accordance with this Section in the event that environmental conditions, such as a sustained drought or low flows in the watershed in which the cultivation area is located will not support diversions for irrigation.
24. Transfers. Transfer of any leases or permits approved by this project is subject to the review and approval of the Planning Director for conformance with CMMLUO eligibility requirements, and agreement to permit terms and acknowledgments. The fee for required permit transfer review shall accompany the request. The request shall include the following information:
  - (1) Identifying information for the new Owner(s) and management as required in an initial permit application;
  - (2) A written acknowledgment by the new Owner in accordance as required for the initial Permit application;
  - (3) The specific date on which the transfer is to occur; and
  - (4) Acknowledgement of full responsibility for complying with the existing Permit; and
  - (5) Execution of an Affidavit of Non-diversion of Medical Cannabis.
25. Inspections. The permit holder and subject property owner are to permit the County or representative(s) or designee(s) to make inspections at any reasonable time deemed necessary to assure that the activities being performed under the authority of this permit are in accordance with the terms and conditions prescribed herein.

#### **Informational Notes:**

1. Pursuant to section 314-55.4.11 (a) of the CMMLUO, if upon inspection for the initial application, violations of any building or other health, safety, or other state of county statute, ordinance, or regulation are discovered, the Planning and Building Department may issue a provisional clearance or permit with a written approved Compliance Agreement. By signing the agreement, the permittee agrees to abate or cure the violations at the earliest

opportunity but in no event more than two (2) years of the date of issuance of the provisional clearance or permit. Plans for curing the violations shall be submitted to the Planning and Building Department by the Permittee within one (1) year of the issuance of the provisional certificate or permit. The terms of the compliance agreement may be appealed pursuant to section 314-55.4.13 of the CMMLUO.

2. The applicant is required to pay for permit processing on a time and material basis as set forth in the schedule of fees and charges as adopted by ordinance of the Humboldt County Board of Supervisors. The Department will provide a bill to the applicant after the decision. Any and all outstanding Planning fees to cover the processing of the application to decision by the Hearing Officer shall be paid to the Humboldt County Planning Division, 3015 "H" Street, Eureka.

## ATTACHMENT 2

### STAFF ANALYSIS OF THE EVIDENCE SUPPORTING THE REQUIRED FINDINGS

**Required Findings:** To approve this project, the Hearing Officer must determine that the applicant has submitted evidence in support of making **all** of the following required findings.

The County Zoning Ordinance, Sections 312-1.1.2 and 312-17.1 of the Humboldt County Code (Required Findings for All Discretionary Permits) specify the findings that are required to grant a Conditional Use Permit:

1. The proposed development is in conformance with the County General Plan;
2. The proposed development is consistent with the purposes of the existing zone in which the site is located;
3. The proposed development conforms with all applicable standards and requirements of these regulations;
4. The proposed development and conditions under which it may be operated or maintained will not be detrimental to the public health, safety, or welfare; or materially injurious to property or improvements in the vicinity;
5. The proposed development does not reduce the residential density for any parcel below that utilized by the Department of Housing and Community Development in determining compliance with housing element law (the midpoint of the density range specified in the plan designation) unless the following written findings are made supported by substantial evidence: 1) the reduction is consistent with the adopted general plan including the housing element; and 2) the remaining sites identified in the housing element are adequate to accommodate the County share of the regional housing need; and 3) the property contains insurmountable physical or environmental limitations and clustering of residential units on the developable portions of the site has been maximized; and
6. In addition, the California Environmental Quality Act (CEQA) states that one of the following findings must be made prior to approval of any development which is subject to the regulations of CEQA. The project either:
  - a. Is categorically or statutorily exempt; or
  - b. Has no substantial evidence that the project will have a significant effect on the environment and a negative declaration has been prepared; or
  - c. Has had an environmental impact report (EIR) prepared and all significant environmental effects have been eliminated or substantially lessened, or the required findings in Section 15091 of the CEQA Guidelines have been made.

**Staff Analysis of the Evidence Supporting the Required Findings:** To approve this project, the Hearing Officer must determine that the applicant has submitted evidence in support of making **all** of the following required findings.

**1. The proposed development must be consistent with the General Plan.** The following table identifies the evidence which supports finding that the proposed development is in conformance with all applicable policies and standards of the Framework Plan (FRWK).

Plan Section	Summary of Applicable Goal, Policy or Standard	Evidence Which Supports Making the General Plan Conformance Finding
Land Use §2724 (FRWK)	<p>Agriculture Lands: Resource production allowing intensive management opportunities, recreational uses, single family residences and cottage industries.</p> <p>Density Range: Shall not exceed one (1) dwelling unit per twenty (20) acres.</p>	The MMRSA, Health and Safety Code section 11362.777(a) provides that medical cannabis is an agricultural product, subject to extensive state and local regulation. The CMMLUO provides for the cultivation and processing of medical cannabis within the zoning districts where agriculture is a principally permitted use, with limits and in compliance with performance standards that will preserve space for more traditional agricultural activities that supply food and fiber contributing to a diverse economic base. The existing cultivation is considered an agricultural use, and the processing facility and supportive infrastructure are considered accessory to the agricultural use. There is an existing single-family dwelling on the approximately 42.5-acre site.
Cultural Resources §3500 (FRWK)	Protect cultural resources, including historic, archaeological, and scenic resources.	A cultural resources report prepared by a qualified professional has been submitted. No cultural or historic resources were identified on site.
Housing §2400 (FRWK)	Encourage innovative designs that facilitate optimum use of sites.	The project does not involve residential development. However, the project will not preclude any future residential development. The project will not reduce the residential density for any parcel below that utilized by the Department of Housing and Community Development in determining compliance with housing element law.



Plan Section	Summary of Applicable Goal, Policy or Standard	Evidence Which Supports Making the General Plan Conformance Finding
Geologic Hazards §3210 (FRWK)	<p>Goals: To reduce public exposure to natural and manmade hazards. To ensure the continuity of vital services and functions. To educate the community.</p> <p>Policy: Regulate land use to ensure that development in potentially hazardous areas will not preclude preserving and promoting public safety.</p> <p>Standards: Require geologic reports according to the Geologic Hazards Land Use Matrix as denoted in the Framework Plan.</p>	<p>The project site is not located in a mapped Alquist-Priolo fault zone nor is it in an area of potential liquefaction. The existing cultivation areas occur on slopes of 0-30% with moderate instability. The project also does not pose a threat to public safety related from exposure to natural or manmade hazards. As part of the permit, the applicant will, at a minimum, incorporate the standard erosion control measures enumerated in the Framework Plan.</p>
Hazards §3210 (FRWK)  Flood §3220 (FRWK)  Fire Hazards §3230 (FRWK)	<p>New development shall minimize risk to life and property in areas of high flood and fire hazards.</p>	<p>The subject site is outside any mapped flood hazard areas. The project site is not within a mapped dam or levee inundation area and, at approximately 1750-2250 feet above mean sea level, is outside the areas subject to tsunami run-up.</p> <p>The subject property is located within the State Fire Responsibility Area for fire protection (CalFire). CalFire's comments recommended compliance with the requirements of the County's Fire Safe Regulations. The Humboldt County Fire Safe Ordinance (Section 3111-1 et seq.) establishes development standards for minimizing wildfire danger in "state responsibility" designated areas.</p>

Plan Section	Summary of Applicable Goal, Policy or Standard	Evidence Which Supports Making the General Plan Conformance Finding
Noise §3240 (FRWK)	Conform with noise standards.	The subject parcel is not located in an area that requires special noise attenuation measures. The proposed cultivation areas would be both mixed-light and outdoor. An existing generator and a backup generator are utilized on the property. Southern Humboldt Royal plans to use non-grid generator power only at intermittent times for the purpose of recharging the renewable energy system when there is insufficient solar activity to do so. When in operation, the generator will at all times remain below 60 decibels of volume. SHR will work with environmental consultants to evaluate the auditory disturbance and ensure compliance with guidance prepared by the United States Fish and Wildlife Service, and will consult with that agency as required to protect habitat. Noise generated from generators on the site shall comply with the standards set forth in Section 55.4.11 (0) of the CMMLUO.
Sewage Disposal §4530, 4531.5, 4531.6, 3361.2 (FRWK)	<p>Goal: To ensure a safe means for waste disposal and protect the County's water resources for the public's health and safety.</p> <p>Policy: Septic systems shall not be permitted where the slope exceeds 30% or within 50 feet from an unstable land form.</p> <p>Policy: Sewage disposal systems placed on an existing lot must meet all of the requirements of the Humboldt County Department of Public Health and the North Coast Regional Water Quality Control Board.</p> <p>Policy: Regulate development that would pollute watershed areas.</p>	An existing sewage disposal system serves the residence located on the subject parcel.

Plan Section	Summary of Applicable Goal, Policy or Standard	Evidence Which Supports Making the General Plan Conformance Finding
Biological Resources §3400 (FRWK)	<p>Goal: To maximize where feasible, the long term public and economic benefits from the biological resources within the County by maintaining and restoring fish and wildlife habitats.</p> <p>Policies: Maintain values of significantly important habitat areas by assuring compatible adjacent land uses, where feasible.</p>	The project site is not within a streamside management area, wetland, or sensitive habitat area.
Access §4220, 4237.7 (FRWK)	<p>Goal: To develop, operate, and maintain a well-coordinated, balanced, circulation system that is safe, efficient and provides good access to all cities, communities, neighborhoods, recreational facilities and adjoining areas.</p> <p>Policy: New Development shall only be approved which will not significantly create or aggravate safety, capacity, or parking problems on County roads.</p>	According the Department of Public Works, the two intersections of the existing access road, Doreen Drive and the County Road, Mattole Road, do not meet County standards. The project is conditioned to require improvements to these intersections to meet County standards. The applicant has self-certified that the roads meet Category 4 standards.

**2. Zoning Compliance and 3. Conforms with applicable standards and requirements of these regulations:** The following table identifies the evidence which supports finding that the proposed development is in conformance with all applicable policies and standards in the Humboldt County Zoning Regulations.

Zoning Section	Summary of Applicable Requirement	Evidence
Forestry Recreation §314-7.3	Forestry Recreation (FR): Intended to be applied in forested areas of the County in which timber production and recreation are the desirable predominant uses and agriculture is the secondary use. Cannabis cultivation is allowed on parcels zoned FR.	The majority of the property is heavily wooded and would remain so after project implementation. The proposed agriculture use would exist while leaving acres of undisturbed land on the property that could be used for timber production and recreation uses.
Minimum Lot Area	One (1) acre	42.50 acres
Minimum Lot Width	Two hundred (200) feet	1,292 feet
Maximum Lot Depth	None specified	1,411 feet
Maximum	35%	The proposed lot coverage is less than

Zoning Section	Summary of Applicable Requirement	Evidence
Ground Coverage		3%
Setbacks	Fire safe setbacks of 30 feet from all property lines applies (this distance is greater than the zoning district's yard setbacks.	All existing and proposed development would be more than 30 feet from all property lines
Maximum Building Height	Thirty-five (35) feet	Existing and proposed structures would be less than 35 feet tall
<b>314-55.4 Commercial Cultivation, Processing, Manufacturing and Distribution of Cannabis for Medical Use Inland Land Use Regulations (CMMLUO)</b>		
§314-55.4.8.2.2 Existing Cultivation	Existing outdoor cultivation areas up to once acre in size or 22,000 square feet for mixed light are allowed on parcels zoned FR provided they were in existence prior to January 1, 2016.	As shown on the site plan, all of the existing cultivation areas are within the FR-zoned area. The total proposed cultivation area is 20,148 square feet (SF), of which 15,108 square feet would be existing mixed-light and 5,040 square feet would be existing outdoor. These totals are below the permissible outdoor square footage of 43,560 SF and 22,000 SF for mixed-light. Photo and aerial imagery documentation on file with the Department shows the existing cultivation areas were in use prior to January 1, 2016.  The source of water for all cultivation areas would be rain water catchments and permitted wells on the parcel.
§314-55.4.8.10 Permit Limit	No more than four commercial cannabis activity permits may be issued to a single person.	According to records maintained by the Department, the applicant holds no other cannabis activity permits, and is entitled to four.
§314-55.4.9.1 Accessory Processing	Processing for cultivation requiring a Special Permit or Use Permit will be considered in the Use Permit application.	The proposed ADA compliant processing facilities are shown within the East Site portion site plan. The building would be used as cultivation processing facilities solely for product grown onsite. It will provide space for drying, curing, and processing cannabis. The project's conditions of approval include the requirement that the applicant secure required building permits for the structure.
§314-55.4.9.4 Pre-Application Registration	Existing cultivation sites shall register with the County within 180 days of the effective date of this ordinance.	The applicant submitted the required registration form.

<b>Zoning Section</b>	<b>Summary of Applicable Requirement</b>	<b>Evidence</b>
§314-55.4.10 Application Requirements	Identifies the information required for all applications	Attachment 3 identifies the information submitted with the application, and shows all the required information was received.
§314-55.4.11 Performance Standards	Identifies the Performance Standards for Cannabis Cultivation Activities	All the applicable performance standards are included as conditions of project approval. They are required to be met through the timeframe of the permit.
§314-55.4.17 Sunset Date	No application for any Use Permit pursuant to the CMMLUO shall be processed for issuance or approval that is received after December 31, 2016.	The applicant submitted the Use Permit application on October 19, 2016.

**4. Public Health, Safety and Welfare.** The following table identifies the evidence which supports finding that the proposed location of the use and conditions under which it may be operated or maintained will not be detrimental to the public health, safety or welfare, or materially injurious to properties or improvements in the vicinity.

<b>Code Section</b>	<b>Summary of Applicable Requirement</b>	<b>Evidence</b>
§ 312-17.1.4 Required Findings	The proposed development will not be detrimental to the public health, safety and welfare, and will not be materially injurious to properties or improvements in the vicinity.	The Department finds that the proposed project would not be detrimental to the public health, safety and welfare since no reviewing referral agencies have recommended denial of the proposed project and the commercial cannabis operation would be conducted in accordance with the properties or performance standards set forth in the CMMLUO. The project as proposed and conditioned is consistent with the general plan and zoning ordinances; and the proposed project is not expected to cause any environmental damage.

- 5. Residential Density Target:** The following table identifies the evidence which supports finding that the proposed project will not reduce the residential density for any parcel below that utilized by the Department of Housing and Community Development in determining compliance with housing element law.

Code Section	Summary of Applicable Requirement	Evidence
§ 312-1 7.1.5 Housing Element Densities	The proposed development shall not reduce the residential density for any parcel below that utilized by the Department of Housing and Community Development in determining compliance with the housing element.	The Department finds that the proposed project would not be detrimental to the public health, safety and welfare since no reviewing referral agencies have recommended denial of the proposed project and the commercial cannabis operation would be conducted in accordance with the properties or performance standards set forth in the CMMLUO. The project as proposed and conditioned is consistent with the general plan and zoning ordinances; and the proposed project is not expected to cause any environmental damage.

**6. Environmental Impact:**

Consistent with the California Environmental Quality Act, the project was evaluated for potential adverse effects on the environment. Based on a site inspection, information in the application, a review of relevant references in the Department, and comments from affected agencies, staff has determined that there is no evidence before the Department that the project would have an adverse effect, either individually or cumulatively, on the environment.

The cultivation is an agricultural activity that will occur in an area zoned FR. Accordingly, the project may be found to be exempt from environmental review per Sections 15301 (Existing Facilities) and 15303 (New Construction/Conversion Small Structures) of the California Environmental Quality Act (CEQA) Guidelines.



### **ATTACHMENT 3**

#### **Applicant's Evidence In Support of the Required Findings**

Attachment 3 includes a listing of all written evidence which has been submitted by the applicant in support of making the required findings. The following materials are on file with the Planning Division:

1. The name, contact address and phone number(s) of the applicant. (Application form on file)
2. If the applicant is not the record title owner of parcel, written consent of the owner for the application with original signature and notary acknowledgement. (Not Applicable)
3. Site plan showing the entire parcel, including easements, streams, springs, ponds and other surface water features, and the location and area for cultivation on the parcel with dimensions of the area for cultivation and setbacks from property lines. The site plan shall also include all areas of ground disturbance or surface water disturbance associated with cultivation activities, including: access roads, water diversions, culverts, ponds, dams, graded flats, and other related features. If the area for cultivation is within ¼ mile (1,320 ft.) of a school, school bus stop, church or other place of religious worship, public park, or Tribal Cultural Resource, the site plan shall include dimensions showing that the distance from the location of such features to the nearest point of the cultivation area is at least 600 feet. (Attached)
4. A cultivation and operations plan that meets or exceeds minimum legal standards for water storage, conservation and use; drainage, runoff and erosion control; watershed and habitat protection; and proper storage of fertilizers, pesticides, and other regulated products to be used on the parcel, and a description of cultivation activities (outdoor, indoor, mixed light), the approximate date(s) cannabis cultivation activities have been conducted on the parcel prior to the effective date of this ordinance, if applicable, and schedule of activities during each month of the growing and harvesting season. (Attachment 3A)
5. Copy of the statement of water diversion, or other permit, license or registration filed with the State Water Resources Control Board, Division of Water Rights, if applicable. (Not applicable)
6. Description of water source, storage, irrigation plan, and projected water usage. (Attached)
7. Copy of Notice of Intent and Monitoring Self-Certification and other documents filed with the North Coast Regional Water Quality Control Board demonstrating enrollment in Tier 1, 2 or 3, North Coast Regional Water Quality Control Board Order No. 2015-0023, or any substantially equivalent rule that may be subsequently adopted by the County of Humboldt or other responsible agency. (On file)
8. If any on-site or off-site component of the cultivation facility, including access roads, water supply, grading or terracing impacts the bed or bank of any stream or other watercourse, a copy of the Streambed Alteration Permit obtained from the Department of Fish & Wildlife. (Not applicable)

9. If the source of water is a well, a copy of the County well permit, if available. (Attached)
10. If the parcel is zoned FR, U or TPZ, or involves the conversion of timberland as defined under section 4526 of the Public Resources Code, a copy of a less-than-3-acre conversion exemption or timberland conversion permit, approved by the California Department of Forestry and Fire Protection (CAL-FIRE). Alternately, for existing operations occupying sites created through prior unauthorized conversion of timberland, evidence may be provided showing that the landowner has completed a civil or criminal process and/or entered into a negotiated settlement with CAL-FIRE. (Not applicable)
11. Consent for onsite inspection of the parcel by County officials at prearranged date and time in consultation with the applicant prior to issuance of any clearance or permit, and once annually thereafter. (On file)
12. For indoor cultivation facilities, identify the source of electrical power and how it will meet with the energy requirements in section 55.4.8.2.3, and plan for compliance with applicable Building Codes. (Attached (related to mixed light operations))
13. Acknowledge that the County reserves the right to reduce the size of the area allowed for cultivation under any clearance or permit issued in accordance with this Section in the event that environmental conditions, such as a sustained drought or low flows in the watershed will not support diversions for irrigation. (On file)
14. Acknowledge that the county reserves the right to engage with local Tribes before consenting to the issuance of any clearance or permit, if cultivation operations occur within an Area of Traditional Tribal Cultural Affiliation, as defined herein. This process will follow current departmental referral protocol, including engagement with the Tribe(s) through coordination with their Tribal Historic Preservation Officer (THPO) or other tribal representatives. This procedure shall be conducted similar to the protocols outlined under SB 18 (Burton) and AB 52 (Gatto), which describe "government to government" consultation, through tribal and local government officials and their designees. During this process, the tribe may request that operations associated with the clearance or permit be designed to avoid, minimize or mitigate impacts to Tribal Cultural Resources, as defined herein. Examples include, but are not limited to: conducting a site visit with the THPO or their designee to the existing or proposed cultivation site, requiring that a professional cultural resources survey be performed, or requiring that a tribal cultural monitor be retained during project-related ground disturbance within areas of sensitivity or concern. The county shall request that a records search be performed through the California Historical Resources Information System (CHRIS). (On-file)

## APPLICATION SUMMARY

As described herein, Southern Humboldt Royal Cannabis Company (hereinafter SHR) is applying for permission to operate commercial cannabis operations within Humboldt County. These operations will take place at 255 Doreen Drive in Honeydew. The proposed operations will be forward-compliant with MCRSA, AUMA, and with the intent to apply for the following state licenses:

- Outdoor, up to 5000 sq. ft. (MCRSA Type 2)
- Mixed light greenhouse up to 22,000 sq. ft. (MCRSA Type 3B)

NOTE: Under cultivation licenses for which it intends to apply, Southern Humboldt Royal initially checked license Type 3 on its Cannabis Commercial Activity form submitted December 8, 2015. Its mixed-light operations in greenhouse require an additional license under MCRSA Type 3B, and this application amends the December 8, 2015 application to include that additional intention. Southern Humboldt Royal also had outdoor patches scattered around the property and has consolidated them to be in proximity to the other growing areas in secure locations per the counties request and this is the reason for the addition of the type 2 license. Southern Humboldt Royal affirms that the total acreage to be cultivated under the different license types is less than 4 acres combined.

This application is compliant with Humboldt County Ordinance No. 2544, which added § 314-55.4 to Chapter 3 of Division 1 of Title III.

This application is organized following § 55.4.10, Application Requirements for All CMMLUO Clearances or Permits.

## CONFIDENTIALITY NOTICE

This document including all attachments and appendices is intended only for Southern Humboldt Royal Cannabis Company and Manhard Consulting and may contain CONFIDENTIAL or PRIVILEGED material. Any unauthorized review, use, disclosure or distribution is prohibited.

#### DISCLAIMER

This is not a legally-reviewed document. Cannabis is illegal under United States federal law. This is true even if the possession of cannabis is for medical purposes. This document has been prepared in what we believe to be accordance with California state law, which allows for a medical cannabis patient program. This document is not expert legal advice nor intended to promote the illegal sale or use of cannabis in any way.

## TABLE OF CONTENTS

<b>Humboldt Application Requirements.....</b>	<b>3</b>
<b>A) Applicant Information .....</b>	<b>3</b>
<b>B) Owner Consent .....</b>	<b>4</b>
<b>C) Release of Liability and Hold Harmless.....</b>	<b>4</b>

D) Site Plan .....	4
E) Cultivation and Operations Plan .....	5
F) Water Source Documentation .....	5
G) Planned Water Use.....	6
H) Water Monitoring Self-Certification.....	6
I) Streambed Alteration Permit.....	6
J) County Well Permit .....	7
K) Timberland Conversion .....	7
L) Consent for Onsite Inspections.....	7
M) Source of Electrical Power.....	7
N) Acknowledge County Right to Reduce Cultivation Area.....	8
O) Acknowledge County Right to Engage Local Tribes.....	8
APPENDICES.....	Error! Bookmark not defined.
APPENDIX A: Business Plan .....	10
APPENDIX B: Environmental Protection Plan.....	15
APPENDIX C: Hazardous Materials Plan .....	20
APPENDIX D: Cultivation Plan.....	22
APPENDIX E: Processing Plan and Quality Assurance .....	32
APPENDIX F: Security Plan .....	37
APPENDIX G: Legal Compliance Plan .....	47

## **Humboldt Application Requirements**

### **A) Applicant Information**

Humboldt County Code § 314-55.4.10(a) requires the name, contact address and phone number(s) of the applicant.

Name: Southern Humboldt Royal Cannabis Company  
Contact Address: 1705 McKinleyville Ave, McKinleyville CA 95519  
Phone number: 707-845-3556

**B) Owner Consent**

Humboldt County Code § 314-55.4.10(b) requires that if the applicant is not the record title owner of parcel, written consent of the owner for the application with original signature and notary acknowledgement.

Southern Humboldt Royal is the record title owner of parcel.

See Attachment 1.

**C) Release of Liability and Hold Harmless**

Humboldt County Code § 314-55.4.5 requires the applicant to indemnify and hold the county harmless for permitting commercial cannabis activities.

As a condition of approval for any Zoning Clearance Certificate, Special Permit, or Use Permit and Coastal Development Permit approved for the commercial cultivation, processing, manufacture, or distribution of cannabis for medical use, as defined herein, the owner or permittee shall indemnify and hold harmless the County of Humboldt and its agents, officers, elected officials, and employees for any claims, damages, or injuries brought by affected property owners or other third parties due to the commercial cultivation, processing, manufacture, or distribution of cannabis for medical use and for any claims brought by any person for problems, injuries, damages, or liabilities of any kind that may arise out of the commercial cultivation, processing, manufacture, or distribution of cannabis for medical use.

See Attachment 2.

**D) Site Plan**

Humboldt County Code § 314-55.4.10(c) requires the submission of a Site Plan: Site plan showing the entire parcel, including easements, streams, springs, ponds, and other surface water features, and the location and area for cultivation on the parcel with dimensions of the area for cultivation and setbacks from property lines. The site plan shall also include all areas of ground disturbance or surface water disturbance associated with cultivation activities, including: access



roads, water diversions, culverts, ponds, dams, graded flats, and other related features. If the area for cultivation is within ¼ mile (1,320 ft.) of a school, school bus stop, church or other place of religious worship, public park, or Tribal Cultural Resource, the site plan shall include dimensions showing that the distance from the location of such features to the nearest point of the cultivation area is at least 600 feet.

See Attachment 3.

#### **E) Cultivation and Operations Plan**

Humboldt County Code § 314-55.4.10(d) requires submission of a cultivation and operations plan.

A cultivation and operations plan that meets or exceeds minimum legal standards for water storage, conservation and use; drainage, runoff and erosion control; watershed and habitat protection; and proper use and storage of fertilizers, pesticides, and other regulated products to be used on the parcel, and a description of cultivation activities (outdoor, indoor, mixed light), the approximate date(s) cannabis cultivation activities have been conducted on the parcel prior to the effective date of this ordinance, if applicable; and schedule of activities during each month of the growing and harvesting season. The operations plan shall also include a security plan describing measures to be taken to ensure the security of the medical marijuana and to safeguard against the diversion of medical marijuana for non-medical purposes, or access by minors.

Southern Humboldt Royal has developed a detailed Cultivation and Operations Plan, divided into the following components attached for clarity:

Appendix A: Business Plan

Appendix B: Environmental Protection Plan

Appendix C: Hazardous Materials Plan

Appendix D: Cultivation Plan

Appendix E: Processing and Quality Assurance Plan

Appendix F: Security Plan

Appendix G: Legal Compliance Plan

#### **F) Water Source Documentation**

Humboldt County Code § 314-55.4.10(e) requires water source documentation.

Copy of the statement of water diversion, or other permit, license or registration filed with the State Water Resources Control Board, Division of Water Rights, if applicable.

SHR will use a combination of winter rain water catchments and permitted wells for cultivation. All greenhouses and building have gutters and runoff will be stored from the winter in above ground tanks and supplemented from two permanent, permitted wells on the property as demand outweighs the supply.

See Attachment 4.

#### **G) Planned Water Use**

Humboldt County Code § 314-55.4.10(f) requires a description of water source, storage, irrigation plan and projected water usage.

See: Appendix B: Environmental Protection Plan

#### **H) Water Monitoring Self-Certification**

Humboldt County Code § 314-55.4.10(g) requires, if applicable, a copy of Notice of Intent and Monitoring Self-Certification and other documents filed with the North Coast Regional Water Control Board demonstrating enrollment in Tier 1, 2 or 3, North Coast Regional Water Quality Control Board Order No. 2015-0023, or any substantially equivalent rule that may be subsequently adopted by the County of Humboldt or other responsible agency.

SHR has filed its appropriate Tier II enrollment with the NCRWQCB.

See Attachment 5.

#### **I) Streambed Alteration Permit**

Humboldt County Code § 314-55.4.10(h) requires a Streambed Alteration Permit if any on-site or off-site component of the cultivation facility, including access roads, water supply, grading or terracing impact the bed or bank of any stream or watercourse, a copy of the Streambed Alteration Permit obtained from the Department of Fish & Wildlife.

Southern Humboldt Royal affirms that it has not altered any streambed or watercourse. In the event such alteration becomes applicable, SHR commits to filing appropriate copies obtained from the Department of Fish & Wildlife.

**J) County Well Permit**

Humboldt County Code § 314-55.4.10(i) requires a County Well Permit if the source of water is a well.

SHR uses two permanent, permitted wells on the property for its operations.

See Attachment 4.

**K) Timberland Conversion**

Humboldt County Code § 314-55.4.10(j) requires conversion permits if applicable.

If the parcel is zoned TC or TPZ, or involves the conversion of timberland as defined under section 4526 of the Public Resources Code, a copy of a less-than-3-acre conversion exemption or timberland conversion permit, approved by the California Department of Forestry and Fire Protection (CAL-FIRE). Alternately, for existing operations occupying sites created through prior unauthorized conversion of timberland, evidence may be provided showing that the landowner has completed a civil or criminal process and/or entered into a negotiated settlement with CAL-FIRE.

See Attachment 6.

**L) Consent for Onsite Inspections**

Humboldt County Code § 314-55.4.10(k) requires consent for onsite inspections.

Consent for onsite inspection of the parcel by County officials at prearranged date and time in consultation with the applicant prior to issuance of any clearance or permit, and once annually thereafter.

Through this application, Southern Humboldt Royal gives consent for an onsite inspection, by County of Humboldt officials, at a prearranged date and time prior to issuance of any clearance or permit, and once annual thereafter.

**M) Source of Electrical Power**

Humboldt County Code § 314-55.4.10(l) requires electric power disclosure for indoor growing.

For indoor cultivation facilities, identify the source of electrical power and how it will meet with the energy requirements in section 55.4.8.2.3, and plan for compliance with applicable Building Codes.

Note: Applicant has interpreted this to refer to 55.4.8.3, as 55.4.8.2.3 is not present in ordinance No. 2544 and 55.4.8.3 refers to electrical power.

Applicant is not developing indoor cultivation. Applicant is developing mixed-light and outdoor facilities. The facilities are powered entirely by solar energy.

**N) Acknowledge County Right to Reduce Cultivation Area**

Humboldt County Code § 314-55.4.10(n) requires the applicant to acknowledge the county's right to reduce the cultivation area.

Acknowledge that the County reserves the right to reduce the size of the area allowed for cultivation under any clearance or permit issued in accordance with this Section in the event that environmental conditions, such as sustained drought or low flows in the watershed in which the cultivation area is located will not support diversions for irrigation.

Southern Humboldt Royal acknowledges that the County of Humboldt reserves the right to reduce the size of the area allowed for cultivation under any clearance or permit issued in accordance with § 314-55.4 of the Humboldt County Code in the event that environmental conditions, such as a sustained drought or low flows in the watershed in which the cultivation area is located will not support diversions for irrigation.

**O) Acknowledge County Right to Engage Local Tribes**

Humboldt County Code § 314-55.4.10(o) requires an acknowledgement of the county right to engage with local tribes before consenting to issue a permit.

Acknowledge that the county reserves the right to engage with local Tribes before consenting to the issuance of any clearance or permit, if cultivation operations occur within an Area of Traditional Tribal Cultural Affiliation, as defined herein. This process will follow current departmental referral protocol, including engagement with the Tribe(s) through coordination with their Tribal Historic Preservation Officer (THPO) or other tribal representatives. This procedure shall be conducted similar to the protocols outlined under SB 18 (Burton) and AB 52 (Gatto), which describe "government to government" consultation, through tribal and local government officials and their designees.

During this process, the tribe may request that operations associated with the clearance or permit be designed to avoid, minimize or mitigate impacts to Tribal Cultural Resources, as defined herein. Examples include, but are not limited to: conducting a site visit with the THPO or their designee to the existing or proposed cultivation site, requiring that a professional cultural resources survey be performed, or requiring that a tribal cultural monitor be retained during project-related ground disturbance within areas of sensitivity or concern. The county shall request that a records search be performed through the California Historical Resources Information System (CHRIS).

Through this application, Southern Humboldt Royal acknowledges that the County of Humboldt reserves the right to engage the local Tribes before consenting to the issuance of any clearance or permit, if cultivation operations occur with an Area of Traditional Cultural Affiliation, as defined within § 314-55.4.10(n) of the Humboldt County Code.

<b>APPENDICES.....</b>	<b>Error! Bookmark not defined.</b>
<b>APPENDIX A: Business Plan .....</b>	<b>10</b>
<b>APPENDIX B: Environmental Protection Plan .....</b>	<b>15</b>
<b>APPENDIX C: Hazardous Materials Plan .....</b>	<b>20</b>
<b>APPENDIX D: Cultivation Plan .....</b>	<b>22</b>
<b>APPENDIX E: Processing Plan and Quality Assurance .....</b>	<b>32</b>
<b>APPENDIX F: Security Plan .....</b>	<b>37</b>
<b>APPENDIX G: Legal Compliance Plan .....</b>	<b>47</b>

## **APPENDIX A: Business Plan**

### **A) Executive Summary**

Cannabis cultivation is the next great farming industry in the United States. Humboldt County will be the epicenter of this new industry, and Southern Humboldt Royal Cannabis Company (SHR) intends to justify Humboldt's reputation for producing the world's finest cannabis.

SHR is proud of its Humboldt roots, and will help lay the foundation for a cannabis industry that is built on integrity and best practices, that safely serves the needs of patients, and that brings economic growth, job opportunities, tourism and other benefits to the county for generations to come.

The company's management team, composed of longtime Humboldt residents, has decades of combined experience in cannabis cultivation and has developed techniques to meet the needs of California's medical cannabis patients. SHR's goals dovetail with the county's goals: to establish best practices that lead to safe, healthy working conditions for everyone involved in the industry and to provide safe healthy medicine that is free of any pesticides or molds.

With the upcoming state licensing process under the Medical Cannabis Regulation and Safety Act (MCRSA), medical cannabis businesses are expected to be operating in a legally regulated industry in 2018. In anticipation of this licensing process, SHR has set up its articles of incorporation and other legal paperwork, and has assembled an accomplished leadership team to guide the company into a new, regulated cannabis industry. Obtaining the proper local and county operating permits are the next step in the process. SHR has relationships with industry professionals in the legal, banking, security, and consulting fields.

With its temperate rainforest, natural water resources, diverse plant and animal species, complex soil compositions, and abundant sunshine throughout the year, Humboldt County has one of the most unique natural environments on the West Coast, and an ideal environment for cannabis cultivation. As the first generation of legally registered cannabis farmers comes into the light, SHR respects and appreciates the responsibility it has to the land, and is committed to doing everything possible to conserve and maintain this exceptional natural environment for generations to come.

## B) Mission and Values

Southern Humboldt Royal seeks to serve the planet, the plant, the patients and the community.

Ecological sustainability is the responsibility of every cannabis grower in Humboldt County. SHR strives to be an example of ecological stewardship by maintaining effective and efficient systems that reclaim water and solid waste into the plant cycle. Its head cultivator takes a craftsman's approach to nurturing the growing medium and its microbials so that the cannabis flower produced in Humboldt's unparalleled soils remains the world's finest quality.

It is SHR's mission to produce medicine of the highest medicinal efficacy for California's medical cannabis patient population. By serving patients in this way, SHR will also attend to the preferences of the discerning cannabis aficionado.

Led by its community-rooted, second-generation Humboldt farmer, SHR values its role as an early standard-bearer for an industry coming into the light of local and state regulation. SHR values maintaining safe facilities for its employees and by complying with all monitoring and reporting requirements in a timely and transparent fashion, as well as providing support in the form of tax revenues, donations, safe employment and training opportunities, community infrastructure improvements, and by setting high standards for other cannabis businesses to meet. SHR will prove its commitment both to leadership within the county's business community and to the community as a whole.

## C) Cultivation Operations

SHR will cultivate cannabis both outdoors and in mixed-light greenhouses on the property. Personnel will initially process the flower by drying and curing it on

the property before the product is distributed. Security and safety are critical components to the success of SHR's operations, and a detailed safety plan is included below.

Proprietary cultivation methods established by its head cultivator, Sean Stamm, will allow SHR the opportunity to successfully market its products. SHR shall continually seek and implement the best business practices and technological processes in order to provide the highest quality cannabis products with the greatest affordability, while minimizing risks to employees, core operations, and the community.

#### D) Cultivation Standards

SHR's goal is to serve the patient population in California using industry best practices and natural energy from the sun to create the highest quality cannabis plants possible. The cannabis will be grown using a proven, successful and perpetual greenhouse cultivation system using all organic certified operations.

SHR has designed its cultivation processes to incorporate decades of best practices from commercial greenhouse agriculture and using sustainable cultivation methods that take advantage of Humboldt County's unique natural resources and environment. Healthy and vibrant plants yield higher quality products, and the more effective SHR is in cultivating high-yielding and fast-growing plants, the more affordable products will be for patients.

By using Humboldt soil and natural sunlight along with the most ecologically sustainable cultivation practices, SHR will establish itself as a model cannabis producer poised to help lead Humboldt's reputation for growing world-class cannabis into the future.

#### E) Environmental Standards

Sustainable solutions are difficult to achieve in a non-regulated environment. Because California is prone to severe drought, SHR takes seriously its responsibility to use the best cultivation and operations practices.



By utilizing renewable energy to power all operation in conjunction with energy efficient supplemental lighting, SHR's cultivation facility will operate with significantly less energy consumption than the medical cannabis industry standard. This will allow SHR to be sustainable from both an ecological and a financial standpoint.

SHR has included its Environmental Protection Plan below, including detailed standards for water storage, conservation and use. It addresses site drainage, runoff and erosion control measures, as well as watershed and habitat protection measures.

#### F) Sales and Marketing

Southern Humboldt Royal is privileged to be located in the world's most unique and ideal environment for cannabis cultivation, and the company's marketing materials will emphasize the extraordinary quality of Humboldt County cannabis farming.

Using exclusively environmentally friendly methods throughout, SHR cultivators have both developed entirely new cannabis strains and grown all the most popular cannabis cultivars, leading dispensary buyers to recognize their advanced cultivation and processing skills. With its current team of highly skilled farmers, SHR is poised to be a leader in high quality cannabis cultivation and product development for years to come.

Medical and pharmaceutical manufacturers have for many years used actors, professional athletes, musicians and other celebrities to promote their products. SHR expects that the medical cannabis market will be no different. These strains will primarily be marketed in urban areas, where patients are more likely to identify with the artists and their brands.

#### Product Development and Distribution

High quality product development is key to any brand, and cannabis products vary widely in their strength, taste, medical effectiveness and other properties. Cannabis extraction and edible products are becoming an important and lucrative part of the cannabis industry in California. SHR will be diligent in researching the market for medical cannabis and will have ongoing dialogue with dispensaries throughout the state to evaluate market demands.

Distribution of cannabis products requires developing business relationships with dispensaries, and in the near future, distributors and laboratories to independently test all products. SHR will negotiate contracts with distributors and lab relationships to meet local and state requirements.

SHR will also partner with innovative lighting manufacturers, fertilizer formulations, and equipment designers to provide controlled facilities that will support advancements in cultivation technology. SHR's innovative approach to cannabis cultivation will allow the organization to offer exceptional quality medical cannabis on a consistent, perpetual basis to its distributors and retail outlets. This will translate to overall cost savings for the California patient population, and will position SHR for market success.

### Targeted Strains and Therapies

Many California citizens suffer from debilitating medical conditions or experience severe side effects from conventional medical therapies. Due to evidence-based medical research, cannabis products are now widely accepted in the medical community as an optimal treatment option for many conditions that conventional medicine cannot treat effectively. Medical cannabis can be an effective form of alternative therapy for patients suffering from a variety of debilitating conditions, from arthritis to glaucoma, and can improve quality of life for many of them.

In order to help patients find new ways to make life with serious medical conditions livable through alternative therapies such as medical cannabis, physicians must be as informed about a patient's options as they would with traditional medication. To strengthen the knowledge base around medical cannabis treatment and provide effective, targeted care for patients, SHR will communicate with physicians and dispensaries on effective treatment options for various chronic conditions. SHR will support the medical community in California in supplying patients with the most effective medications. By soliciting feedback from the medical community about their patient populations, SHR will be able to tailor cultivars to target specific illnesses and conditions.

SHR will be able to supply a consistent and diverse range of high quality medical-grade cannabis to accommodate and target the qualifying conditions and symptoms of patients.

SHR will crossbreed and cultivate proprietary cultivars of medical cannabis that may provide relief from the most popular to the most rare conditions that qualify to receive treatment with medical cannabis.

SHR's founder, Sean Stamm, will direct SHR's cannabis cultivation to meet the actual needs and demands of the patient population. He will also instruct employees in the science behind the company's cultivation model and the healing properties of the various cannabis cultivars that will be cultivated.

#### G) Management Team

Southern Humboldt Royal has assembled a versatile and skilled management team that will provide a strong foundation for the company's success as it moves forward in a legal, regulated business environment. The company's team is comprised of Humboldt residents who have deep appreciation for the natural environment in Humboldt County, and are dedicated to preserving and enhancing it for future generations.

A proud second generation Humboldt farmer, Sean Stamm is Southern Humboldt Royal's founder and director. Also a mechanical engineer and local fire department volunteer, Stamm has carefully assembled an expert cultivation team with years of experience in expert outdoor, indoor and mixed-light cultivation. Because the SHR homestead is indeed a true home, deep commitment to stewardship of the land and environmental resources is more than an obligation; it is a way of life.

Above and beyond managing SHR, Stamm has shown commitment to leading Humboldt's cannabis growing community into the regulated light in a legal, responsible and sustainable way. As a community leader, Stamm has and will continue to work hand in hand with local officials and neighboring community farmers to bring the world's finest cannabis growing region into a new age of compliance and regulation. By transparently conducting operations, SHR will lead other Humboldt farmers in navigating best business practices that provide community benefits and sustain the land for generations to come.

### **APPENDIX B: Environmental Protection Plan**

#### A) Organic Certification

Southern Humboldt Royal commits to organically certified cultivation operations. Various organic farming certifications are available for use in

demonstrating environmental stewardship commitment. Such certifications are designed to meet national and international agricultural standards that ensure legal compliance, minimize environmental impact and regulate any chemicals that go into a consumable product.

Among several quality options is organic certification by Clean Green, a leading certification designed for the shared need among cannabis farmers to meet stewardship growing standards for producing clean, safe cannabis by legally compliant means. Clean Green includes annual site inspections to inspect growing cannabis and cleanliness of processing spaces, as well as third-party laboratory testing. It sets standards covering seed or clone selection, soil selection, choice of nutrients, pesticides, mold treatments, dust control, source of electricity, and harvesting and processing methods. Southern Humboldt Royal is in the process of becoming clean green certified.

#### B) Standards for Water Storage, Conservation and Use

Southern Humboldt Royal's environmental consulting agency, Manhard Consulting in conjunction with the master grower, will develop a detailed water source and usage plan based on data collected over the next year from water meters already in place for self-reporting.

Per the North Coast Regional Water Quality Control Board Order No. 2105-0023 requirements, SHR acknowledges responsibility for water resource and water quality impacts associated with the occupancy of and activities on the parcel site.

SHR will self-certify as a Tier 2 Discharger per NCRWQCB Order No. R1-2015-0023 Appendix C, indicating that the site meets Tier 2 characteristics and standard conditions. SHR will both submit and retain a copy of the self-certification and the Order on-site. SHR will facilitate any NCRWQCB inspections required to assess compliance with these conditions.

As a Tier 2 Discharger, SHR commits to meet every component of the Water Resource Protection Plan required of Tier 2 dischargers and detailed in NCRWQCB Order No. R1-2015-0023 § I.B

SHR also commits to abide by any required enforcement response, such as may occur upon discovery of a water quality violation or impact. SHR will update the Environmental Protection Plan and any related standard operating procedures to ensure future compliance, and will fulfill any requirements, which may include cleaning up conditions, restoring impacted watercourses, removing and properly

disposing of waste earthen material or other wastes, repairing or removing stream crossings, upgrading roads, improving site drainage, and/or stabilizing bare/erodible soils.

#### Water Source

All water used by SHR to produce cannabis derives from winter rain water catchments and permitted wells on the parcel. For documentation, see Attachment 4.

#### Water Storage

SHR has built permitted water storage capacity on the parcel sufficient to hold 170,000 gallons. Additional water storage capacity in the form of rainwater catchments will be added as necessary. Water will be pumped into separate storage tanks for processing before irrigation. Per NCRWQCB, the size and scope of the water storage shall be such that the amount of water used shall not adversely impact water quality and/or beneficial uses. SHR will apply for appropriate permitting for any additional on-site water storage from the Humboldt County Building Inspection Division if required.

#### Water Conservation and Use

SHR will use best practices for water conservation, including a combination of drip irrigation, irrigation scheduling, surface mulches, moisture barrier wraps, capturing and storing rain water, and structuring the growing medium to retain more water throughout the season. At no time will water be applied faster than argonomic rates, which are defined as the rate that a plant needs to enhance its productivity and provide the forage growth with nutrients for optimum health and growth, without having excess water beyond the root zone.

#### Irrigation

SHR's environmental consulting agency, Manhard Consulting, will develop a detailed irrigation plan that explains the source of the water and the conduits and plumbing to disperse the water throughout the farming property.

#### Projected Use

Based on Emerald Growers Association cultivator estimates and SHR experience, SHR estimates each pound of dried cannabis requires 100 gallons of water. SHR will grow on 22,000 sq. ft. of area, producing an estimated 1000 pounds of dried

cannabis per year. Estimated annual water usage will thus be 100,000 gallons. Additional water will be required for supporting other on-site requirements, such as drinking water, vegetable garden, restrooms, and hand washing stations.

#### Water Quality Monitoring

SHR will test the water source quarterly, after any unusual natural event (flooding), and when PPM/pH readings change significantly. Testing will identify pathogenic microbes that may be present in water supplies (e.g., E-coli and other coliforms), heavy metals, pesticide residues, or other contaminants. All water used in the facility will, at a minimum, meet Human Health Standards for water quality.

#### C) Drainage, Runoff and Erosion Control

SHR's environmental consulting agency, Manhard Consulting, will develop a detailed drainage, runoff and erosion control plan. SHR has selected flat growing sites where erosion control requirements should be minimal.

Additionally, SHR will implement the above water conservation measures, as well as irrigating and applying only organic inputs at agronomic rates, limiting applications to label specifications, and maintaining stable super soils and growth media. These practices should serve to minimize the amount of runoff to no measurable discharge from the gardens.

SHR will work with Manhard Consulting and will use permaculture methods to treat, control and contain the discharge runoff and minimize the amount to zero pollutant loads and zero irrigation discharge. No fertilizers, fine sediment, or other related materials will be discharged to nearby watercourses. Per the NCRWQCB, SHR will acquire appropriate permitting for any discharges of waste associated with the development of the SHR site. This includes coverage under the General Permit for Discharges of Storm Water Associated with Construction Activity (Construction General Permit, 2009-0009-DWQ).

To the extent that the site includes characteristics such as steep slopes, highly erodible soils, or unstable areas, SHR commits to working with an appropriate California-licensed individual during construction to ensure constructed features on the site are stable and do not represent a threat to the beneficial uses of water or public health and safety.

#### D) Watershed and Habitat Protection

SHR will pay special attention to avoid causing any disturbance to local surface water habitats or the natural wild life. In particular, provisions will be taken to ensure the viability of the local habitat to ensure the future livelihood and sustainability of:

- The Spotted Owl
- The Pacific Fisher
- California King Salmon
- California Steelhead

#### Power consumption and noise compliance

Southern Humboldt Royal plans to use non-grid generator power only at intermittent times for the purpose of recharging the renewable energy system when there is insufficient solar activity to do so. When in operation, the generator will at all times remain below 60 decibels of volume. SHR will work with environmental consultants to evaluate the auditory disturbance and ensure compliance with guidance prepared by the United States Fish and Wildlife Service, and will consult with that agency as required to protect this important habitat.

#### Light pollution and spillage

Mixed-light greenhouses used by Southern Humboldt Royal for cultivating cannabis will be built to specifications that comply with Humboldt County Code § 314-55.4.11(t) and (u). This includes ensuring that very little, if any, light escapes, minimizing any impact to the surrounding habitat. No light emitted by any of SHR's mixed-light greenhouses will be visible from any neighboring property between sunset and sunrise. Moreover, all light sources used in the production of cannabis in SHR's mixed-light greenhouses will comply with International Dark Sky Association standards for Lighting Zone 0 and Lighting Zone 1 and will be designed to regulate light spillage onto neighboring properties resulting from backlight, uplight, or glare. SHR acknowledges and understands that all complaints regarding light spillage must be addressed within 10 working days of receiving written notification of such a violation. Southern Humboldt Royal has constructed a new greenhouse for the vegetative phase of growing that can be covered automatically during times where supplemental light is necessary. This was a considerable cost to the company and shows their commitment to conforming to county and state regulations.

## **APPENDIX C: Hazardous Materials Plan**

Humboldt County Code § 314-55.4.10(d) requires the applicant to outline its plan to properly handle and store hazardous materials including any fertilizer, pesticides or other regulated products.

As an agricultural operation, Southern Humboldt Royal will need to use some hazardous materials, including fertilizers, pesticides, and other regulated products.

SHR acknowledges that the Humboldt County Environmental Health Division, which administers the Hazardous Materials program as one of the Certified Unified Program Agencies (CUPA), regulates hazardous materials and wastes from agricultural businesses. SHR will follow all appropriate requirements under the Hazardous Materials program.

This includes the application, inspection, enforcement, and reporting under the program requirements and standards set by the California Environmental Protection Agency (CalEPA).

When using pesticide products, SHR shall be in compliance with State pesticide laws, and regulations enforced by the County Agricultural Commissioner's Office and the California Department of Pesticide Regulation.

SHR has established protocols governing the use and storage of these hazardous materials.

### **A) Using Hazardous Materials**

Although Southern Humboldt Royal does not use harmful pesticides or herbicides in the cultivation of cannabis, some hazardous materials will be used in the operation of the business including fertilizer, soil amendments and fuel for the on-site generator.

SHR shall apply fertilizers and soil amendments and use them per packaging instructions and/or at proper agronomic rates, which are the rates of fertilizer and irrigation water that a plant needs to enhance soil productivity and provide the crop or foliage growth with needed nutrients for optimum health and growth, without having any excess water or nutrient percolate beyond the root zone.



SHR's on-site generator will be housed in an appropriately rated, locked storage area, as described below. While ignitable or reactive waste is being handled, the owner or operator shall confine smoking and open flame to specially designated locations. "No Smoking" signs shall be conspicuously placed wherever there is a hazard from ignitable or reactive waste.

While transferring, treating, storing or disposing of ignitable or reactive waste or fuels, SHR employees shall take precautions to prevent reactions which:

- Generate extreme heat or pressure, fire or explosions, or violent reactions
- Produce uncontrolled toxic mists, fumes, dusts, or gases in sufficient quantities to threaten human health or the environment
- Produce uncontrolled flammable fumes or gases in sufficient quantities to pose a risk of fire or explosions
- Damage the structural integrity of the device or facility
- Through other similar means threaten human health or the environment

SHR shall document standard operating procedures for these materials and enforce compliance.

#### B) Storing Hazardous Materials

Southern Humboldt Royal commits to storing any hazardous materials on the site in secure locations and in a manner in which they cannot enter or be transported into surface waters and such that nutrients or other pollutants cannot be leached into groundwater. Fertilizers and amendments shall be applied and used per packaging instructions and/or at proper agronomic rates. Cultivation shall be maintained so as to prevent nutrients from leaving the site during the growing season and post-harvest.

SHR uses only California approved pesticides or herbicides in their farming practices at the recommended dosages applied by trained personnel with proper protective clothing in accordance with local and State law.

SHR will store petroleum products and other liquid chemicals that may be present in secure containments so as to prevent their spillage, discharge or seepage into receiving waters.

All hazardous materials will be stored in locked storage areas designated solely for this purpose, built on a concrete slab foundation, and appropriately rated by the National Fire Protection Association. All such areas will be spark proof with proper ventilation systems to ensure safe handling of any potential leaks or build-up of gas.

SHR shall maintain these areas so as to pose no threat of safety or quality to the facility, product, or employees. SHR has spill kits on site near all storage areas to mitigate any spillage of hazardous material. The temperature and humidity of the storage spaces shall be maintained at an appropriate level for the contents, and shall be monitored to ensure ranges are always within acceptable limits.

#### **APPENDIX D: Cultivation Plan**

##### **A) Overview of Cultivation Activities**

SHR will further the education, horticultural science, and medical relief with use of cannabis using organic methods, recyclable materials, and efficient energy and water usage.

The SHR head cultivator will be Sean Stamm, a master grower with over 18 years of experience crossbreeding and cultivating medical cannabis.

SHR's location features multiple mixed light greenhouses, a vegetative nursery, an ADA compliant processing facility, drying rooms, and various outdoor patches. SHR has consolidated its pre-existing outdoor cultivation areas that were previously scattered about the property to be within the fenced areas and in close proximity to the other cultivation structures per the counties request to do so.

SHR site overview:

- Outdoor, approximately 5000 sq. ft. (MCRSA Type 2)
- Mixed light greenhouses, at or under 22,000 sq. ft. (MCRSA Type 3B)

SHR estimates its cultivation plan will average a yield of 800-1000 pounds of dried cannabis per year.

##### **B) Cannabis recordkeeping**

SHR will track all on-site cannabis from seed-to-sale using a perpetual inventory control system. SHR is evaluating and remains open to alternative track and trace options. SHR has been pro-active in trying to participate in Humboldt Counties track and trace pilot program but was unable to become enrolled due to the limited number of participants chosen.

SHR will monitor the California Board of Equalization track-and-trace discussions and will choose a solution that is compliant with all eventual legislation and regulations pertaining to track-and-trace options.

#### Date Cultivation Began on the Parcel

Commercial cultivation on the parcel was begun by Southern Humboldt Royal in 2015. Medicinal cultivation under prop 215 and later AB-420 has existed on the parcel since 2008.

#### C) Description of Cultivation Plan components

The remainder of this Cultivation Plan adds considerable detail to the planned cultivation activities, including the following components:

- Schedule by Month of Growing and Harvesting
- Cultivation Facilities: the planned features of both the outdoor sites, greenhouses, drying facilities, and processing facilities
- Cultivation Cycle: the processes that make up the cultivation lifecycle of the cannabis plant
- Cultivation Inputs: the required additives for optimal harvest
- Cannabis Disposal: the protocols for tracking and disposing of cannabis waste

#### D) Schedule of Activity by Month of Growing and Harvesting

SHR operates cultivation activities on the parcel for several growing cycles annually, typically beginning in February and ending in November. Because SHR's sole use of supplemental lighting is fluorescent and will in the future be LED, it hopes to encourage Humboldt County to adopt wattage-based taxation for its mixed-light growing licenses. However, if ultimate regulations adopted by the County treat all mixed-light operations the same regardless of wattage used, SHR may expand its cultivation cycle to year-round activities utilizing full spectrum grow lights and heaters.

##### Growing and Harvesting by Month (current)

**January** – Only propagation operations to maintain 'mother' stocks. Maintain propagation stock with supplemental lighting and heating.

**February** – Amend soils, repair and/or replace any irrigation, plastic sheeting, lights, etc. Begin planting seeds in 4" pots in greenhouse propagation using supplemental lighting. Take cuttings from 'moms' and nursing cut clones until rooted 5-14 days for first run light deprivation due at the end of May. Maintain propagation stock with supplemental lighting and heating.

**March** – Amend soils, repair and/or replace any irrigation, plastic sheeting, lights, etc. Ensure all is prepped and optimized for the coming season. Transplant from 4” to 3-5 gallon pots, continue taking cuttings from ‘moms’ and nursing cut clones until rooted 5-14 days. Transplant rooted clones into final greenhouse bed for veg growth with supplemental lighting due at the end of June. Flip second run light deprivation greenhouse to begin flowering due in late May early June. Maintain propagation stock with supplemental lighting heating.

**April** – Continue taking cuttings from ‘moms’ and nursing cut clones until rooted 5-14 days. Transplant rooted clones to beds or 1-5 gallon pots. Transplant seedlings to larger final pots or amended greenhouse beds for continued vigorous growing with supplemental-lighted light deprivation greenhouse due in July. Maintain propagation stock with supplemental lighting.

**May** – Complete outdoor set ups and soil amendments. Begin transplanting to larger final outdoor pots and beds with supplemental lighting. Prune during the weeks before and during harvest of all mature plants and then replant for harvest in October. Maintain propagation stock with supplemental lighting.

**June** – Ensure all plants are in final places for full sun outdoor season. Some plants will use supplemental lighting to stay in veg; transplant some to larger final outdoor pots and beds with reduced supplemental lighting. Prune at the beginning of the month. Harvest all mature plants at the end of the month, with immediate replanting for harvest in October. Maintain propagation stock with supplemental lighting.

**July** – Harvest mature plants. Prune as needed at beginning of month. Harvest all mature plants at month end with immediate replanting for harvest at the end of October. Maintain propagation stock with supplemental lighting.

**August** – Maintain feeding and watering schedules in all greenhouses and outdoor plots as they begin flowering for final harvests. Some plants will use supplemental lighting to stay in veg for part of the month. Harvest others if ready. Maintain propagation stock with supplemental lighting.

**September** – Prune and maintain feeding and watering schedules as flowering continues. Harvest some plants when ready. Maintain propagation stock with supplemental lighting.

**October** – Harvest as needed. Maintain propagation stock with supplemental lighting.

**November** – Harvest as needed. Maintain propagation stock with supplemental lighting and heating.

**December** – Maintain propagation stock with supplemental lighting and heating.

Should primary cultivation activities switch from February to October schedule to year-round operations for reasons noted above, then the activity schedule for a single cultivar in a single growing chamber will follow a 3-4 month cycle, with 3-4 weeks of vegetation and 8-10 weeks of flowering, depending on cultivars characteristics and batch growth.

Drying and curing will take place separately and is described in the Processing Plan.

#### E) Cultivation Facilities

##### MIXED-LIGHT

SHR intends to cultivate in mixed light greenhouses for total of up to 22,000 sq. ft. of area with a pre-existing greenhouse area of 15,108 sq. ft. at this time.

Lower Site Greenhouse structures:

Greenhouse #1 is 28' x 36'

East Site Greenhouse structures:

Joy is 20' x 30'

Chan is 20' x 50'

Walshington is 20' x 50'

Royal Chan is 20' x 50'

Royal Walshington is 20' x 50'

Upper Site Greenhouse structures:

Royal 1 is 15' x 100'

Royal 2 is 16' x 100'

SMP is 30' x 100'

Taj is 34' x 100'

Propagation structures

Veg Room is 34'x100

## OUTDOOR

SHR intends to cultivate an outdoor crop between 5,000 sq. ft. to 10,000 sq. ft. of area as permitted by the Type 2 license. With a pre-existing size of approximately 5,040 sq. ft.

Upper Site fenced area:

Cabin Patch is 28 8'x8' plants totaling 1800 sq. ft.

Terrace Patch 35 8'x8' plants totaling 2240 sq. ft.

Lower Site fenced area:

Garden Patch 20 5'x5' plants totaling 500 sq. ft.

East Site fenced area:

Joy Patch 20 5'x5' plants totaling 500 sq. ft.

### F) Cultivation Cycle

SHR's cultivation process is described in two parts:

- Propagation
- Growing

All harvest and post-harvest procedures are covered separately in SHR's Processing Plan.

During all phases of cultivation, SHR will keep meticulous records using a perpetual inventory management system. SHR will thoroughly train all cultivation agents on SHR's selected inventory management system. Records will accurately identify and record the seeds or vegetative planting stock as to genus and species, and to subspecies, variety, cultivar, and/or hybrid if applicable. Records will also track plants individually as they progress through phases of cultivation.

SHR's master grower will determine the mix of cultivars to be propagated and cultivated. The following items will be considered when determining cultivar selection:

- The availability of the cultivar
- Medicinal benefits
- Other cultivars currently in production
- Length of cultivation cycle

- Market demand
- Water demand of the particular cultivar
- Resistance of cultivar to pests and diseases

#### G) Propagation

There are three pieces to propagation:

1. Developing strong genetics by breeding parents to generate seeds
2. Germinating seeds and determining plant sex to grow new cloning mothers
3. Replicating strong genetics through cuttings of a single cloning mother

SHR will focus on propagation through taking cuttings, or "clones" from mother plants. Cuttings will be taken from mother plants in the vegetative stage only. Cannabis is an annual plant that has a life cycle of one year, however if kept in a vegetative state can live for many years. By breeding in or out specific cannabis genetic profiles, SHR will be able to create stable plant genetics with the appropriate cannabinoid content to effectively treat many clinical conditions plaguing medical marijuana patients.

Employees responsible for cutting and transferring clones will be thoroughly trained on how to assess mother plants as well as cut and transfer clones using methods outlined by SHR.

Training will include, but is not limited to, the following items:

- Assessing and selecting mother plants
- Preparation for cutting clones
- Procedure for cutting clones, including root hormone applications
- Transplanting clones
- Clone care, organization, and tracking
- Transplanting for optimal growth and health
- Disease prevention through proper pruning and watering

#### H) Cultivation Inputs

SHR is committed to the highest standards of cultivation inputs. By following rigorous protocols and permaculture and Best Management Practices (BMP's), SHR maintains the highest quality of cannabis produced and mitigates the risk of wasted production.

Part of this commitment to quality is SHR's intent to attain Salmon Safe & Clean Green Certification, which indicates that:

- The product has been grown to standards that meet or exceed the standards used by the USDA in awarding organic certification, and is thus “organic” by nature
- No synthetic inputs or pesticides have been used at any point of the production/cultivation process
- Production methods are environmentally & salmon-safe
- That all processes involved during the growing and cultivation of marijuana are in full compliance with local and state jurisdictions

SHR has established the highest standards for growing medium, pesticides, disease and pest management procedures.

#### I) Growing Medium

SHR has practiced a strict gardening policy of only using and reusing organic substances to create sustainable resources, reduce consumption of those resources, and prevent any type of harmful environmental impact. This includes SHR’s growing medium.

SHR will use custom mixed ‘super soils’ with all pots for the Breeding Mothers, Breeding Fathers, Cloning Mothers and all flowering pots and beds as a primary growing medium. These soils are designed to be continually built upon and improve over time. Using permaculture methods all refused and pruned plant matter will be composted and fed to worms to be re-constituted to the growing medium.

Mychorrizae will be added to the growing medium, increasing its mass through a blend of symbiotic organisms. This additive is a mixture of organic beneficial microbes and worms used to help break down old plant material and provide nutrition. These microbes provide aeration so oxygen can reach further to penetrate more into the plants roots. They also capture nitrogen and help make phosphorus more available, facilitating plant growth. Mychorrizae will be used throughout the entire plant cultivation cycle.

#### J) Pesticides

If necessary, SHR will use only organic Salmon Safe and Clean Green Certified pesticides and herbicides for pests and or diseases.

Should the use of these products be necessary, SHR proposes to use (only if needed) Regalia, OG Biowar, diatomaceous earth, and Venerate, which are organic products that are microbial based and powered by several active compounds that span different chemical classes. These compounds drive multiple modes of action, which result in exoskeleton degradation and molting



interference; control of the pests is achieved through exposure and ingestion of the product. All are Clean Green certified products.

#### K) Disease and Pest Management Procedures

SHR will use mold and pest resistant cultivars to maximize biological prevention of pests and diseases. SHR will also brew teas to foliar feed the plants improving their immune function and disease and pest resistance.

##### Integrated Pest Management (IPM)

The goal of IPM is to apply a combination of control methods to prevent, reduce, or maintain pest populations at non-damaging levels.

SHR will implement and monitor IPM practices to predict potential levels of crop damage, mitigate risk, and control pests.

A variety of mechanical, physical, and biological controls will be implemented. SHR may implement the use of appropriate biological controls including predatory wasps and mites and nematodes, praying mantises, ladybugs, pirate bugs, and others for preventative or mitigation purposes. The use of bio dynamics will be limited to recognized and effective applications. SHR may implement any practice allowed by the USDA Organic Standards.

Regular IPM practices include, but are not limited to:

- Daily monitoring of pest populations
- Removal of pest habitat, food sources, and breeding areas
- Utilization of verified “pest-free” supplies
- Prevention of access to handling facilities
- Management of environmental factors, such as temperature, light, humidity, atmosphere, and air circulation, to prevent pest reproduction
- Disposition of infected crops
- Pest indicator and companion plants
- Use of organic pesticides as a last resort

Early identification of pest infections is crucial. Each cultivation employee will be trained on and responsible for plant inspection and identification. Indicator companion plants will be cultivated to tell SHR if an infestation has occurred.

Should a pest infestation occur, SHR will develop IPM programs on an as-needed basis for identifying and considering at a minimum:

- Current status of infestation
- Pest and crop life-cycle stages

- Location, size, density of infestation
- Potential to spread
- Previous results of measures taken.

#### Pesticide spraying protocols

As a last resort, SHR will establish spraying protocols as needed and will maintain records of any pesticide use in the cultivation records for at least thirty-six months.

Records must include:

- Reason for application
- Method of application
- Frequency of application
- Next scheduled date of application
- Employee responsible for next application
- Status of lighting and air circulation during application (i.e., lights on, HVAC off, and fans off)
- PPE required for application (i.e., mask required, Tyvex suit optional)
- Restrictions preventing application (i.e., do not apply within four hours of any foliar application)
- Life Cycle Stage restrictions - (i.e., apply in vegetative state only or may be applied in all stages)
- Re-entry intervals
- Posting requirement
- Other precautions (i.e. cover medium)

#### Disease Management

SHR will determine acceptable methods of disease management. The scope for disease management will include, but is not limited to:

- Soil and crop nutrient management practices
- Sanitation measures to remove disease vectors and habitat for pest organisms including regular cleaning of dust from the leaf surfaces and the thinning of the internal foliage of the plant
- Cultural practices that enhance crop health, including selection of plant species and varieties with regard to suitability to site-specific conditions and resistance to prevalent pests and diseases
- Practices which suppress the spread of diseases or pests
- Application of biological, botanical, or mineral inputs

#### Signs of Pest Infestations or Disease

SHR will also oversee at least weekly surveillance or inspection of companion indicator plants and crop, identifying:

- Changes in biological colonies
- Mold or mildew
- Leaf and tip burn, discoloration, and spotting
- Changes in appearance of the crop

All crops are to be inspected by two or more trained employees for all visible foreign matter and sub-standard material to be recycled. These employees will also perform a visual microscopic and naked-eye inspection of each crop processed to determine:

- Organoleptic characteristics (color, texture and odor)
- Presentation of the material (raw, cut, crushed, compressed)
- The presence of admixtures, foreign matter (sand, particles, dirt) mold, or signs of decay
- The presence of insects

SHR will schedule as needed in-house testing based on current operational needs and recorded in the crop management system. Tests that will be performed include:

- Soil pH
- Nutrient pH
- Total Dissolved Solids (TDS)
- Electro-Conductivity (EC)
- Soil EC/pH testing using a saturated media extraction (1 part soil to 2 parts water filtered)
- The leachate pour-through method

Damaged and/or degraded plant material will be recycled into the soils for worms and microbes to consume with approval from SHR and in accordance with waste disposal policies and procedures.

#### L) Cannabis Disposal

All plant waste, including waste composed of or containing cannabis leaves or flowers, will be cycled back into the soils as food for the worms and microbes becoming then food for the next round of plants. SHR will use best composting practices in the disposal of diseased, contaminated, or otherwise unusable medical cannabis. All recycled or composted cannabis will be accounted for in

written daily log and verified by camera and/or the perpetual inventory control technology.

## **APPENDIX E: Processing Plan and Quality Assurance**

### **A) Drying and Curing**

Humboldt County Code § 314-55.4 implies that processing is the acts by which “medical cannabis is dried, cured, graded, trimmed, and/or packaged by or under the control of one or more licensed cultivators.”

This section provides an overview of the processing practices that will take place at the SHR site:

- Preparation
- Harvesting
- Drying and curing
- Trimming
- Packaging, labeling and storing

### **B) Preparation**

Before processing or handling any raw plant material, all equipment – clippers, hand scissors, scales, bins, pans, trays, etc. – will be sterilized as per SHR’s SOPs. All equipment will, additionally, be sterilized after each use. All hand processing (trimming) of cannabis will be performed in a well-ventilated and well-lit room separate from any other production areas. A “clean room” with lockers and personal storage will be built adjacent to the trim room, allowing employees to change into the approved protective clothing, gloves and hair covering. Bathrooms and hand washing stations will also be included in the clean room. The trimming room will have large tables with adequate room for each trim team member. Trim room chairs will be ergonomically designed to allow trimmers best possible position allowing for increased productivity and longevity.

For more details regarding SHR’s sanitation and quality control standards, please refer to the Quality Assurance Plan.

### C) Harvesting

Plants will be monitored continuously throughout the cultivation process. During the flowering stage of plant development, SHR staff will begin monitoring trichome development and maturity. Depending on the cultivar, the cultivation director will determine – based on trichome maturity – the point at which a crop is ready to be harvested.

Mature plants that are ready to be harvested will be identified by SHR and logged into SHR's inventory management system, adhering to any seed-to-sale tracking regulations that have been promulgated by the state. Plants will be weighed after the drying and curing has been completed. Information will be tracked and entered into the inventory management system at each stage in the process.

### D) Drying and Curing

SHR is responsible for implementing and maintaining drying and curing practices to protect crops from contamination and maintain the quality of all cannabis flower produced.

All drying/curing operations will be performed in limited access areas with full surveillance camera coverage in accordance with security policies and procedures. The drying and curing room will be maintained to ensure that there is sufficient ventilation for airborne moisture to escape providing adequate air circulation throughout the drying area and sufficient odor mitigation.

Harvested plant material will be placed on racks and hung upside down in the drying and curing room. The drying and curing room will feature an independent climate control and HVAC to ensure that optimal and sanitary conditions are maintained at all times throughout the drying and curing process.

Before processing or handling any raw plant material, all equipment – clippers, hand scissors, scales, bins, pans, trays, etc. – will be sterilized as per SHR's SOPs. All equipment will, additionally, be sterilized after each use.

For more details regarding SHR's sanitation and quality control standards, please refer to the Quality Assurance Plan.

### E) Trimming

SHR's SOPs will outline sanitation requirements for employees, workstations, and clean rooms. These standards will be adhered to throughout all points of the processing and manufacturing process at SHR's facility. Agents will wear

protective outerwear, gloves, and hair covering at all times while trimming cannabis to prevent any potential contamination.

SHR takes seriously the health and wellbeing of its employees, and as such, will provide ergonomic seating, workstations, and hand equipment to all trim team members. Each trim team member will also receive the proper safety and operational training as pertaining to their job description.

At this stage, plant-level tracking will transition to batch-level tracking. SHR will establish standard operating procedures for determining batches. As plants are trimmed, the plant history will be indicated in the inventory control system with the specific batch containing its finished flowers.

All finished flowers will be collected by the processing manager and weighed. The finished product will be placed either in glass jar for storage or in food grade bag and container ready for transportation, as described below.

As the remaining material trimmed from the cannabis plants contains active medicinal compounds, this excess plant matter will be collected and used to make concentrates at an off-site permitted facility. As with finished flower, the trimmed contents will be tracked as a batch in the inventory control system, and associated with the history of the source plants.

For more details regarding SHR's sanitation and quality control standards, please refer to the Quality Assurance Plan.

#### F) Packaging, Labeling and Storing

The Director of Cultivation will develop, implement, and maintain packaging, labeling, and storage practices that prevent crop contamination, protect the quality of the cannabis, and properly identify all batches. SHR will also implement a compliant technology for tracking and tracing in accordance with local and state law. The cultivation director will establish protocols to accurately identify and label all cannabis transferred to bulk storage containers. Packaging of bulk cannabis will be in food safe bags or containers that have been approved. Labeling and packaging will comply with all applicable laws and regulations.

The Director of Cultivation will approve and witness the transfer of cannabis from the drying/curing area to storage. Storage areas will have full surveillance camera coverage in accordance with security policies and procedures. Bulk-packaged crops will be stored in cool, dry areas away from direct sunlight and exterior walls and off the ground in containers that protect against excessive

exposure to air, light, and moisture. Flowers will not be stored in the same area with any non-flower items (i.e. cleaning supplies, nutrients, etc.). SHR will verify the weights of all processed flowers prior to storage. Packaging and labeling of bulk-stored cannabis for distribution to the manufacturing unit will take place under camera surveillance.

#### G) Quality Assurance

Southern Humboldt Royal's Quality Assurance Plan describes the standards, processes and procedures used to support the consistent creation of high-quality cannabis and cannabis products.

The intent of SHR's Quality Assurance Plan is (1) to establish standard operating procedures to prevent problems from occurring; (2) to monitor and identify problems that do arise; and (3) to institute revised procedures to prevent problems from recurring. The QA Plan is intended to meet the standards outlined in Code of Federal Regulation 211–Good Manufacturing Practices (GMPs) and to comply with ISO 9000:20015, the requirements for quality management systems.

The SHR employee agent responsible for Quality Assurance will maintain ongoing job-specific training for any employees assigned to oversee QA procedures. The agent will ensure current training and knowledge of GMPs and ensure SHR's quality standards are compliant with current GMPs. The agent will maintain detailed records on-site.

#### Standards of Cleanliness

Growing the best medicine possible requires Southern Humboldt Royal employees to maintain personal standards of hygiene and health while working at the site. SHR will include a Personal Health, Hygiene and Cleanliness handout in the employee handbook that will describe all of the symptoms and health conditions that may compromise the cleanliness or quality of any medical cannabis handled by an employee. Before beginning employment, each employee will be asked to sign a document that acknowledges the individual has read, and is aware of, the conditions described in the Personal Health, Hygiene and Cleanliness document.

To maintain the integrity of all cannabis products grown and processed at the site, SHR will provide sanitization facilities and training to all employees

involved with cultivation and processing. The agent in charge of the Quality Assurance Plan will ensure sanitization procedures comply with all relevant Food and Drug Administration (FDA), current GMP and Good Laboratory Practices (GLP) requirements.

#### Standards for Equipment Maintenance

Equipment used in processing cannabis and cannabis products will be calibrated, sanitized and otherwise maintained according to the instructions provided by the manufacturer, or to a higher standard as required by applicable laws.

Southern Humboldt Royal will require that any scale, balance, or other device used to process cannabis is routinely calibrated and periodically checked to ensure the accuracy of production. All scales/balances/other measurement devices will be registered with, and calibration techniques shall conform to, the standards developed by the California State Department of Agriculture.

SHR will maintain a log of maintenance and calibration procedures performed for the previous five years for all scales/balances/other measurement devices. If and when discrepancies arise, any product processed between the two calibration periods in question will be evaluated for accuracy and quality and possibly destroyed. Any medical cannabis that is destroyed will be documented in the inventory control system.

#### Quality Control Testing

Southern Humboldt Royal will operationalize its commitment to produce only the finest quality pharmaceutical grade cannabis flower. SHR takes its commitment to these standards seriously.

Properly trained processing agents will be responsible for identifying all usable and non-usable plant parts and matter. All unusable plant matter will be disposed of properly and in accordance with SHR's cannabis disposal plan. SHR agents will inspect all usable plant matter using methods that include but are not limited to organoleptic, macroscopic and microscopic examination.

Processing agents will provide a qualitative description of each batch of raw plant matter or dried cannabis flower that includes:

- Name of the plant strain



- Description of initial quality of plant matter
- An organoleptic review

Processing agents will provide a quantitative description of each batch of raw plant matter or dried cannabis flower that includes:

- Cannabinoid profile
- Potency level
- Batch size by weight

Each batch of cannabis flower and cannabis concentrate produced on-site at the facility must additionally pass third-party quality control tests for purity and integrity. SHR will engage a third-party testing laboratory for this required testing. Batches of flower that contain any substance that has been banned by the California Department of Food of Agriculture, or that has amounts of regulated chemicals, fertilizers, or pesticides that exceed the levels allowed by the Department of Food and Agriculture, will be destroyed. All raw plant matter will be tested for mold and mildew.

#### Cannabis Recall Protocol

Southern Humboldt Royal is committed to patient and product safety, and will institute a thorough product recall plan into SHR's operational manual. Once a product has been labeled for recall, the head processing agent will immediately begin an in-house investigation into the batch and lot number of the cannabis in question (1) to identify the appropriate products that need to be recalled; (2) to identify and inform the distributors that have procured and transported the cannabis in question; (3) to identify, dispose of and prevent further distribution of any remaining product in storage at the SHR site.

## **APPENDIX F: Security Plan**

### **A) Overview**

Southern Humboldt Royal has designed its Security Plan to allow its personnel to maintain secure control over all aspects of its commercial cannabis activity.

SHR will designate a primary security officer as its Security Director for the facility. This individual will be responsible for maintaining and recording all aspects of physical and data security for the operation, including regular reviews

of security protocols as well as staying current on and implementing industry security best practices.

SHR will maintain a physical copy on-site at all times of the most up-to-date version of the Security Plan and all related standard operating procedures.

None of SHR's cultivation areas are visible from public property.

Per Humboldt County Code § 314-55.4.11(t)(vi), SHR will maintain at all times at all cultivation and processing locations, as well as at security stations, emergency contact numbers for the following:

- SHR operations manager
- SHR Security Director
- Fire Department (both emergency and non-emergency)
- Police Department
- Department of Health contact
- 9-1-1
- Poison control center
- Alarm and surveillance companies
- Security guard company

#### B) Facility Security

SHR facility security is designed to deter security breaches from the outside in. The facility will feature overlapping physical security measures and procedures that control access to cultivating and processing areas and enable rapid response in the event of an incident.

SHR is located at 255 Doreen Drive in Honeydew. SHR facilities are approachable from two directions on Doreen Drive. To access the SHR site, all visitors must pass through a series of locked, keycoded gates. All traffic through each gate is monitored continually.

Motion sensors and surveillance cameras will be mounted strategically to record and notify onsite security personnel of all attempts to access the property, whether permitted or not.

Each of SHR's three cultivation areas on site – at the "Lower Site" portion, at the "Upper Site" portion, and at the "East Site" portion – will be surrounded by 8' metal fencing with a locked gate limiting access to onsite cultivation personnel. Additionally, each greenhouse has its own locking door and is circumscribed by

wire for additional security. Mounted surveillance cameras will monitor and record the activity at all growing locations on the property.

Similarly, each of SHR's processing buildings where the facility's drying and curing takes place will be locked securely with keycoded entry and surveilled with wi-fi connected cameras whose data is securely backed up daily. Heavy security deadbolt locks and high intensity flood lights triggered by defined security events will be used to further protect these limited access areas.

Employee parking will take place at the Upper Site. Visitor parking will be at the East Site. All shipping and receiving will take place inside locked security gates and will not be visible off-site. All authorized non-employee visitors to the property will be escorted at all times by SHR personnel when on site. The Security Director will log an entry/exit record for each visitor to the facility.

#### Visitor protocols

- All vendors, contractors, state or local government representatives, and all others without permanent SHR-issued ID, are considered visitors.
- Before being permitted to enter the premises, all visitors shall provide proof of age and ID, already be included on an expected list of visitors or show official documentation of an unscheduled inspection or authority to perform such inspection, and sign the visitor log on camera. The entry guard will verify that the name on the identification matches the name in the visitor log.
  - Identification must contain a picture, date of birth, valid and not expired.
  - Under no circumstances will anyone under the age of 18 be permitted access to the site. If the guard suspects identification fraud, he will report it to law enforcement and management immediately, and record such in the incident log.
- All visitors or official visitors shall be escorted at all times.
- Escorting means within reasonable line of sight.
- A single employee may escort no more than five visitors.
- The escorting employee shall log all access by visitors to limited access areas at the time of the access.
- Compensation may not be used as leverage for allowing visitors on-site.

#### C) Prevention and Detection of Diversion and Theft

Prevention of diversion and theft is the priority of the security plan, and is the highest priority for state and local oversight, and for law enforcement.

There is zero tolerance for diversion. Any person that is part of or aware of any theft or diversion of cannabis will result in immediate termination from SHR and reporting the incident to the proper authorities. All personnel will sign documents agreeing to this clause before beginning employment, and the documents will be stored with the employee's file.

SHR will use perpetual inventory tracking software and commits to continued adoption of track and trace best practices. All inventory discrepancies will be investigated and noted in the incident log, along with any resolution or explanation that is determined. All investigations shall be resolved within five business days with a written report.

All local and state inspections, scheduled or unscheduled, will be recorded. The Director of Security will establish a threshold of discrepancies above which all incidents must be reported to law enforcement. As soon as any such discrepancy appears, the Director of Security will initiate a review of all security protocols and inventory control checks.

#### D) Incident Management and Emergency Response

The emergency response plan and measure for incident management will be updated in response to any applicable local, county, and state regulations. Provisions include safety procedures for natural disaster, unauthorized access, theft, or disclosure of confidential information.

Incident management protocol and emergency response plans will be designed to effectively ensure:

- The safety and security of SHR employees
- The immediate safety and security of the surrounding area and community
- The facility's return to a safe, secure, and normally operating condition
- Quick, expedient notifications for all product and/or safety recalls

As described in the section on Personnel, all on-site personnel shall undertake mandatory training on incident management and emergency response.

#### Infrastructure risks

Examples of this incident type:

- Loss of power
- Loss of internet connection
- Technology failure

- Structural failure

In the event of power failure, the security system will immediately alert security guards and the Director of Security, and transition to auxiliary power. See the section of the security plan on Power Failure Response.

#### Fire, accident, or natural disaster

Examples of this incident type:

- Fire
- Earthquake
- Chemical spill

Personnel will receive detailed on-site instructions and drills in person and in writing on how to respond to these incidents in an appropriate and orderly fashion. Emergency procedures and emergency contact numbers will also be posted prominently in all areas of the facility. The intent is to prevent non-security-related emergencies from becoming aggravated security emergencies as well.

#### Official visit/inspection

Examples of this incident include:

- Federal officials
- Police/Sheriff
- Fish and Game, Fire, Building, or Health and Safety visit/inspection

Personnel will receive instructions on how to respond to these incidents. Compliance with official visitors will be paramount. However, official visitors remain visitors, and must be accompanied at all times on-site. Supervisor-level staff will be the escorts for official visitors, although in the event that there are more than five official visitors, non-supervisors may assist as escorts to ensure that the ratio of at least one authorized personnel per five visitors is preserved.

### E) Incident Response

#### Facility lockdown

During heightened security due to suspicious or dangerous activity occurring, security personnel may lock down the facility and parking lot. This lock down would cause lockdown-specific alarms, either by sound or visually depending on the circumstances, which all on-site personnel are trained to understand and respond to appropriately. Under these circumstances, security guards have the

responsibility of preventing access to or from the facility and of remaining in communication with emergency responders.

The lockdown will remain in effect until police have arrived and investigated the incident.

For all such incidents, the Director of Security shall write a detailed incident report for the log. This report may include input from any or all on-site supervisors, security guards, and relevant personnel or visitors. The report will be prepared within a week of the incident and the Director of Security will present this report to management together with any recommended changes to the facility's security plan or standard operating procedures.

#### Operational shutdown

Operational shutdown is required in the event that the site needs to be evacuated. This may occur because of an emergency, such as fire or chemical spill, or a security risk limiting the efficacy of facility security systems.

There will be a designated evacuation area on-site and designated monitors who will be required to check-in all on-site personnel (cross-checked with the on-site personnel log) at the evacuation area. Supervisors should secure their Limited Access Areas in the event of an evacuation.

#### F) Incident Reporting and Incident Log

Incident records will be stored on-site for at least five years, and will be available in digital form to facilitate finding patterns in the incidents. Logs may be recorded in tamper-proof written logs during shifts but must be digitized daily.

Only supervisor-level staff will have access to incident logs.

All incidents must include at least the following information: date, time, supervisor recording data, person or people reporting the incident, type of incident, incident summary, preliminary impression of cause, required response, person responsible for next steps.

These reports will be made available to authorities during any inspection of the facility.

#### G) Post-incident Review

Supervisors will review incident logs every shift. The Director of Security will review incident logs daily. In the event of incident patterns, the Director of

Security will consider updating the security protocols or offering additional training in order to prevent such problems.

#### H) Personnel

All personnel on the SHR site have a part to play in implementing the security plan. Making sure that personnel accurately implement security procedures is as important as physically securing each facility and having emergency response procedures in place. Consistent, proactive security training and enforcement greatly reduce the likelihood that emergencies will arise.

#### I) Background checks

Background checks will be performed on all employees, volunteers, principals, directors, and board members. Background checks are also required for any contractors or vendors who regularly work within the facility or will be employed there for an extended time. Copies of any public records obtained through the background check process will be provided to the individual concerned. To ensure transparency, a third party will conduct the entire background checking process.

SHR will follow state and local requirements for limiting the hiring of staff with records. Unless required to do so by law, SHR will not refuse to hire an individual solely because of minor marijuana-related offenses.

#### J) Personnel Records

Personnel records for each employee, agent, or volunteer shall be maintained from the employee start date and for at least 5 years thereafter.

At a minimum, SHR will train and drill all authorized personnel, including employees and security guards, on the following, which meets the requirements of Humboldt County Code § 314-55.4.11(t)(v):

- Emergency action response planning as necessary
- Employee accident reporting and investigation policies
- Fire prevention
- Hazard communication policies, including maintenance of material safety data sheets (MSDS)
- Materials handling policies per the Hazardous Materials Plan
- Job Hazard Analysis
- Personal protective equipment policies, including respiratory protection
- Security procedures, including prevention of crimes and diversion

- Safety procedures, including medical emergencies, fire response, chemical spills, threatening events including armed robberies and invasion, and raids
- Visitor protocols
- Secure electronic recordkeeping
- Inventory control system
- Marijuana laws and regulations (local, state, federal)
- On-site behavior (see below)

In addition to training and periodic drills, all employees shall receive official SHR reference material, written in plain English and presented in an easy-to-use outline format, explaining all operational, safety, and security policies and protocols.

Preparedness means all staff members know how to assess emerging situations to determine the type and level of threat they may pose; they know how to respond to different kinds of security threats; they know which types of situations warrant the activation of panic buttons; and they know how to proceed when a security alarm goes off or a panic button has been activated.

#### K) On-site behavior

All personnel will receive training pertaining to on-site behavior. This follows the “see something, say something” philosophy to encourage all personnel to be a part of the facility’s security protocols.

Key points of this protocol include:

- All individuals on site must keep their face un-obscured and recognizable
- All individuals on site are expected to remain aware of their surroundings, to engage other people with pleasantries, and to make eye contact. This minimizes the potential for anonymity that may be the precursor to crimes such as robberies or theft.

All personnel will also be trained on security protocols and that they are expected to report any breaches of security, such as an open door on a limited access area.

Personnel will also be given clear direction as to where cannabis or cannabis products may be consumed by patients with medical recommendations. Other than the designated areas for this consumption, on-site consumption is strictly prohibited and may result in immediate termination.

#### L) Shipping and Transportation



The most vulnerable events are when product is entering or leaving the site. Specifics for this section may vary, depending whether or not SHR will itself transport products, or will seek an appropriate third-party transportation company. All details in this section are proprietary and only shared as required by involved parties who sign non-disclosure agreements.

#### M) Transportation schedule

At no time will an unscheduled delivery or transportation be permitted. All shipments shall be accompanied by an appropriate manifest linked to the inventory control software.

#### N) Shipping and receiving

All deliveries from suppliers and vendors will only be received at the designated shipping and receiving location, which shall not be visible from off-site. Each delivery will have a scheduled time, and vendors (including those picking up materials for off-site shipment) will have to strictly observe the vendor security protocols as follows:

1. Upon arrival at the main gate, security personnel will verify the vehicle against the visitor schedule and log the time and date of arrival.
2. Only authorized visitors will be permitted access to the property.
3. Security personnel will notify the appropriate supervisor that the authorized visitor is on-site.
4. Security personnel will escort visitors to the appropriate dropoff/pickup area.
5. Goods will be loaded or unloaded and logged in the inventory control system by SHR personnel.
6. All visitors will be escorted at all times by SHR personnel while on the property.
7. At departure, security personnel will log the time and date of departure.

#### O) Video Surveillance and Lighting

One of the primary tools for the SHR security team is video surveillance, which shall be supported by appropriate lighting.

Only supervisor-level staff and security guards have access to security surveillance footage. At all times someone on-site shall have the ability and authority to access the security surveillance footage in the event that authorities require the footage. Persons with access to this footage shall receive training in pulling high-resolution still images from the footage, in case the authorities

request such an image. All such requests must be recorded in the incident log and reported to and reviewed by the Director of Security.

Access to security surveillance footage shall require password or keycard access creating an electronic trail. The Director of Security shall verify at least weekly that there have been no unauthorized accesses to the security footage.

#### P) Alarm Systems

The alarm system supports the SHR security team with passive monitoring. The alarm system shall provide coverage of the site's gated entries and limited access areas, including cultivation areas and processing areas.

When the alarm goes off, it will alert on-site personnel and the Director of Security. On-site security personnel will respond immediately, and remain in constant communication with the third-party monitoring company who shall have access to on-site video surveillance. If appropriate, the Director of Security or the third-party monitoring company will alert the authorities. In these events, an SHR representative will work with the authorities as required.

Any instance of the alarm going off, even if determined to be a false alarm, shall be recorded in the incident log. Incidents shall be kept on file for at least five years.

In the event of power failure, the alarm system equipment is tied to an on-demand, on-site backup generator.

#### Q) Power Failure Response

Security equipment requires power to operate. SHR has provided back-up power for this equipment, driven by an on-demand, on-site backup generator.

The security system will include a failure notification system to provide an audible, visual, and text notification of any failure in the surveillance or alarm systems. The audible and visual notifications will be on-site at the equipment monitoring station. A text alert will go out to the onsite personnel and the Director of Security within five minutes after the failure. These notifications will be by both text message and email. The message will include the time of failure, type of failure if known, cause of failure if known, extent of systems malfunctioning, and contact information for the security company. This will allow SHR to make informed decisions regarding whether it is possible to keep the facility open while the failure is corrected, if police action is warranted, and how to go about correcting the failure. The facility will not operate or allow personnel on-site if the surveillance equipment is not functioning.

## R) Cyber Security

All data and information from SHR's security system and from its inventory control system will be secured, encrypted, and backed up automatically every night not only to a private server on site but also to a secure, off-site server location. Should there be an emergency, natural disaster, or criminal breach at the facility, all data will remain safe and remotely accessible on the remote backup server. Additionally, SHR will use a secure data cloud service to back up its data.

All client records will be stored per HIPAA and applicable California privacy laws.

## APPENDIX G: Legal Compliance Plan

At California's state level, the Medical Cannabis Regulation and Safety Act consists of three separate bills that were enacted together on Oct. 9, 2015. The bill creates a comprehensive state licensing system for the commercial cultivation, manufacture, retail sale, transport, distribution, delivery, and testing of medical cannabis. Commercial cannabis operations require both a state license and a license, permit, or other authorization from a local government.

The state intends to begin licensing cannabis businesses in 2018, and SHR intends to do everything possible in advance to prepare for this licensing process.

## A) Banking and Taxation

FDIC insured banks are not likely to work with cultivators until cannabis is legal on the federal level. More and more companies are coming out with banking solutions and credit unions are starting to work with cannabis businesses. However, financing and loans are not available to cannabis businesses, and businesses operate mostly in cash as opposed to other forms of money transfer and management. SHR has been researching banking options, and will have a banking solution in place when its operations ensue.

As the federal landscape stands in Fall 2016, tax regulation is difficult to navigate for California cultivators, and SHR has retained a knowledgeable tax accountant who is familiar with local and state taxes to ensure that the correct payments are made in a timely fashion. Section 280E of the Federal Income Tax Code makes it difficult to operate a cannabis-based business, since operators cannot write off their business operations. Section 280E prevents cannabis producers, processors and retailers from deducting expenses from their income, except for those considered a Cost of Goods Sold (COGS). As a consequence, marijuana

businesses are required to determine what expenses are included in COGS and, therefore, what expenses are deductible.

B) Tracking, Records & Lab Testing

If a product does not meet up to Southern Humboldt Royal's high standards, or if a lab result indicates a defect with the product, our RFID batch, and lot recall process will ensure that all products from the same production run can be quickly identified. All active ingredients will be traceable from seed, to plant, to extraction, to compounding, to dispensary.

All data will be properly, accurately, and completely entered in the inventory control system. The director of each operating unit will ensure that if the inventory control system is not functional for any reason that all entries are recorded manually entered into the system as soon as it is available. All records will be kept for at least five years after the batch has been distributed.

Data collection will be compliant with all SHR policies and procedures, state and local laws and regulations, and will include for official and internal tracking purposes the names, initials, or employee identification numbers of the individuals who processed, packaged, and labeled the medical cannabis.

Each batch of SHR's cannabis flowers and extracts will go through a full spectrum analysis to ensure that the medicine is free of pesticides and does not contain a harmful level of microbiological mold spores. Each batch will also have a full terpene and potency analysis.

C) Annual Reporting and Renewal

County and state regulations promulgated under MCRSA require annual reporting and/or renewal of licensure and permits relevant to commercial cannabis activity. SHR commits to fulfilling its obligations for timely reporting and renewal of permits and licenses as required by law.

## Yandell, Rodney

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**From:** Erika Cooper <erikacooper@brb-nsn.gov>  
**Sent:** Friday, June 23, 2017 3:55 PM  
**To:** Yandell, Rodney; Planning Clerk  
**Subject:** APPS#11318 Southern Humboldt Royal Cannabis Company CUP16-226

Hello Rodney,

If this parcel has not been surveyed for cultural resources previously, the applicant will need to have a survey completed for this project. Please let me know when the survey, and report, are complete.

Thank you.

Erika Cooper, M.A.  
Tribal Historic Preservation Officer  
Bear River Band of Rohnerville Rancheria  
266 Keisner Road  
Loleta, CA 95551  
707-733-1900 x233 Office  
707-502-5233 Cell  
707-733-1727 Fax  
[erikacooper@brb-nsn.gov](mailto:erikacooper@brb-nsn.gov)

*Requested arch  
study on 6/26/17.*  
*(RY)*

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## ATTACHMENT 4

### REFERRAL AGENCY COMMENTS AND RECOMMENDATIONS

The project was referred to the following referral agencies for review and comment. Those agencies that provided written comments are checked off.

Referral Agency	Recommendation	Location
Building Inspection Division	Additional Information to be submitted with construction permit applications	On file with Planning
Land Use Division	Recommended Road Evaluation Report	On file with Planning
Division Environmental Health	Recommended Approval	On file with Planning
Calfire	Comments Provided	On file with Planning
Department of Fish & Wildlife	No Response	
NWIC	Recommended Cultural Study	On file with Planning
Bear River Band	Recommended Cultural Study	On file with Planning
RWQCB	Notice of intent to enroll for coverage under Tier 2 received	On file with Planning
Sheriff	No Response	
District Attorney	No Response	
Mattole Unified School District	At this time, there is no school or school bus stop within 600 feet	On file with Planning
State Water Resources Control Board-Division of Water Rights	No Response	
Humboldt County Agriculture Commissioner	No Response	