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To: Local Governments, Rural County Representatives and Organizations, and Members of the Public  
From: Statewide Planning Unit  
Date: July 18, 2018

**Cannabis in the Coastal Zone and the Regulatory Requirements of the Coastal Act**

The following informational document examines some of the potential impacts that cannabis cultivation and other cannabis-related development activities, such as processing, manufacturing,<sup>1</sup> distribution, and retail, may have on coastal resources and how Local Coastal Program (LCP) policies for cannabis can address Coastal Act requirements. This document provides examples of LCP policies to consider; however, not all of the example policies will be appropriate in all jurisdictions, and additional policies may be needed to achieve consistency with the Coastal Act and applicable LCP policies. In addition, this document should be considered together with other information provided by the Coastal Commission on LCP policy development, including the Commission’s LUP Update Guide and the ‘Supplemental Uses on Agricultural Lands’ document.<sup>2</sup>

Cannabis operations, as with other agricultural activities, have the potential to raise land use compatibility and coastal resource issues. For example, where cultivation operations require added security provisions, such as significant fencing and nighttime lighting to prevent theft and underage access, such measures may result in impacts to visual resources, public access, and sensitive habitat areas. Similarly, the addition of processing facilities and/or retail operations could result in the conversion of agricultural lands to non-agricultural uses, and may overload roads and parking facilities, while noise from generators and odor from processing activities may also impact visitors or residents, especially when cultivation occurs near residential or commercial areas. Further, because there are numerous unpermitted, existing cannabis operations throughout the state—many of which result in illegal land clearing, logging, grading, and stream diversions—bringing these cannabis operations into regulatory compliance poses its own difficulties, especially when cannabis remains illegal on the federal level.

In light of these issues, local and state regulation is critical to minimizing the impacts of cannabis cultivation and other cannabis-related activities on coastal resources. Since the passage of the Compassionate Use Act of 1996, the Coastal Commission has considered several local ordinances related to the medicinal use of cannabis within local coastal jurisdictions, including LCP regulations allowing or prohibiting medical dispensaries or outlets, as well regulations for personal medicinal use (including indoor cultivation).<sup>3</sup> Following the passage of the Medicinal and Adult-Use Cannabis Regulation and Safety Act<sup>4</sup> (MAUCRSA) in 2017, the Coastal

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<sup>1</sup> The term manufacturing is used throughout this document to identify the compounding, blending, extracting, infusing, or other processing of cannabis into additional cannabis products, such as edibles. Certain manufacturing may be identified as *agricultural processing* under certified LCPs that identify and allow or prohibit the processing of agricultural products.

<sup>2</sup> For the Commission’s LUP Update Guide, see: [https://documents.coastal.ca.gov/assets/lcp/LUPUpdate/LCPGuidePartI\\_Full\\_July2013.pdf](https://documents.coastal.ca.gov/assets/lcp/LUPUpdate/LCPGuidePartI_Full_July2013.pdf). For the Commission’s document on Supplemental Uses on Agricultural Lands, see: <https://documents.coastal.ca.gov/assets/agriculture/Supplemental%20Uses%20on%20Agricultural%20Lands%209.29.17.pdf>.

<sup>3</sup> See table on *Local Government LCP Amendments related to Cannabis Activities*, at the end of this document.

<sup>4</sup> MAUCRSA established a uniform, state licensing and taxation system to be implemented through three state agencies: the Bureau of Cannabis Control, the California Department of Public Health, and the California Department of Food and Agriculture. MAUCRSA repealed the Medical

Commission has considered additional local ordinances related to the commercial use of cannabis within local coastal jurisdictions, including for the cultivation, manufacturing, testing, research, and distribution of cannabis products. In some instances, the Commission has determined that these cannabis-related uses are similar to other commercial, industrial, and agricultural uses and do not raise significant coastal resource issues; however, in other instances, the introduction of these cannabis-related activities have been found to have the potential to raise coastal resource protection issues, including impacts to agricultural resources, water quality, environmentally sensitive habitats, and scenic resources. In many cases, cannabis-related activities are a form of “development,” as defined in the Coastal Act, and require coastal development permits unless the development qualifies for an exemption. In any event, the cannabis policies and standards adopted by local governments and certified by the Commission will become part of the standard of review governing the issuance of coastal development permits within the local government’s certified area of the coastal zone. As such, there is a need to provide additional information on the regulatory requirements of the Coastal Act with regard to cannabis activities in the coastal zone, particularly as local cannabis regulations differ from one local government to the next.

Thus, the following informational document is intended to assist local governments preparing LCPs, LCP Amendments, or LCP Updates, as well as farmers, landowners, and other interested members of the public, in understanding how development associated with cannabis activities can address the coastal resource protection policies of the Coastal Act, or certified LCPs. This document identifies key coastal resources that have the potential to be impacted by activities related to the introduction of cannabis uses, including primarily cannabis cultivation, but also some relevant manufacturing, distribution, and retail uses in the coastal zone. The document also provides some recommended best practices to mitigate these impacts, but recognizes that local planning practices and coastal resource protection needs will vary from one local government to the next.

## **Cannabis Cultivation**

### ***A. Definition of Cannabis Cultivation and Coastal Act Applicability***

Cannabis cultivation is defined under MAUCRSA as “any activity involving the planting, growing, harvesting, drying, curing, grading, or trimming of cannabis”.<sup>5</sup> As a commercially cultivated product in which potency and yield are valuable commodities, cultivation generally requires a controlled environment where lighting, watering frequency, soil fertility, humidity, air flow, and pest control can be manipulated. As such, cultivation may occur in varying settings depending on its scale and location, including outdoors using natural light (e.g., for large-scale agricultural operations), indoors using artificial lighting (e.g., for small-scale operations in commercial and industrial areas), or some combination of the two (e.g., growing cannabis in a greenhouse using both natural and artificial lighting on agricultural or industrial lands). Under MAUCRSA, cultivation licensing generally follows this distinction, with the California Department of Food and Agriculture (CDFA)—the State agency charged with administering cultivation licenses—providing for 17 cultivation license types based on the scale of the proposed

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Cannabis Regulation and Safety Act (MCRSA), which applied to medical cannabis only, and includes certain provisions of MCRSA in the licensing provisions of the Adult Use of Marijuana Act, which legalized the adult, recreational use of cannabis. See [Senate Bill 94 \(MAUCRSA\)](#)  
<sup>5</sup> See Business & Professions Code § 26001(l).

cultivation operation (e.g., indoor, outdoor and mixed light licenses based on total plants and/or square footage of total canopy, including separate licenses for nurseries and “producing dispensaries”, which dispense cannabis either grown or manufactured on site).

While the Coastal Act does not directly define cultivation, development activities associated with the planting, growing, harvesting, and trimming of food and fiber have generally been considered agriculture under the Coastal Act. Indeed, the Coastal Act defines prime agricultural land by its *productive capacity* to sustain either livestock used for the production of food or fiber, or as land that is planted with fruit- or nut- bearing trees, vines, bushes, or crops which have a non-bearing period of less than five years.<sup>6</sup> The Coastal Act also sets a high bar for protecting the *productive capacity* of agricultural lands by requiring the maximum amount of prime agricultural land to be maintained in agricultural production to assure the protection of an area’s agricultural economy. It also limits the situations in which agricultural lands may be converted to other uses and requires that conversions shall be compatible with the continued agricultural use of the surrounding land.<sup>7</sup> Further, the Coastal Act requires the protection of the long-term productivity of soils and timberlands, which is critical to the productive capacity of agriculture, as the presence of nutrients, minerals, organic matter, and microorganisms directly influence the ability of soil to support plant growth.

The Coastal Commission has received several LCP amendments (LCPAs) for both the personal and commercial cultivation of cannabis in local jurisdictions within the coastal zone.<sup>8</sup> The Commission has certified LCPs that allow personal cultivation in primary and accessory residential structures in both residential and agricultural zoning districts. Most commercial cultivation, to date, has been limited to indoor uses on commercial and industrial lands. However, the Commission recently approved an amendment to the County of Monterey’s LCP to allow for the indoor commercial cultivation of cannabis in certain agricultural zoning districts in addition to the County’s commercial and industrial areas.<sup>9</sup> The Commission also recently certified an LCP amendment for the County of San Luis Obispo that allows for outdoor cannabis cultivation on prime and non-prime agricultural lands.<sup>10</sup> Additionally, there are numerous open LCPA applications that propose outdoor (and in some cases indoor) cultivation on agricultural lands.

### ***B. Potential Impacts of Cannabis Cultivation under the Coastal Act***

Cannabis can be cultivated indoors in controlled settings or outside on natural lands, and poses potential coastal resource impacts, including impacts to agricultural resources, sensitive species and habitats, scenic resources, and public access.

On agricultural lands, where the bulk of outdoor cannabis cultivation is likely to occur, cultivation activities could impact agricultural resources by introducing uses and structures that potentially threaten the viability of an existing agricultural operation. For example, where cannabis cultivation is allowed on agricultural lands, cultivators may pursue ‘vertical integration’, introducing additional uses, such as processing, manufacturing, distribution, and tasting and touring activities, which could result in the introduction of buildings and structures on agricultural land and effectively result in the conversion of agricultural lands to non-

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<sup>6</sup> See Public Resources Code section 30113 and Government Code section 51201(c)(1)-(4) for the full definition.

<sup>7</sup> See Public Resources Code §§ 30241, 30242.

<sup>8</sup> See table on *Local Government LCP Amendments related to Cannabis Activities*, at the end of this document.

<sup>9</sup> See [LCP-3-MCO-18-0004-1](#), adopted as submitted at the February 2018 Commission hearing.

<sup>10</sup> See [LCP-3-SLO-18-0020-1](#), adopted with modifications at the June 2018 hearing.

agricultural uses.<sup>11</sup> Similarly, cultivators may wish to construct greenhouses or hoophouses to increase yield and potency, as cultivation within an enclosed structure generally allows for more control of lighting, humidity, and other environmental conditions. Many cultivation operations also pursue security structures, like walls and fences to prevent theft and unauthorized access; together, these structures may cumulatively result in the proliferation of structures on agricultural land and the conversion of agricultural lands to non-agricultural uses.

On agricultural or other lands that may contain or be adjacent to Environmentally Sensitive Habitat Areas (ESHA) or water bodies, the potential for impacts is even more acute. Cannabis cultivation generally utilizes controlled lighting to maximize yield and potency, which may lead to the introduction of generators and special lighting devices in outdoor growth areas or greenhouses. If sound levels and lighting are allowed to spill beyond the cultivation area, it could impact nearby wildlife and habitat areas. In some instances, cultivators may request to clear vegetation to construct new access roads, as well as construct new water supply systems. Waste discharges from cannabis cultivation sites may also include irrigation runoff, sediment, pesticides, herbicides, fertilizers, petroleum, agricultural-related chemicals, and other refuse. Further, construction of access roads may result in erosion and sediment discharges into water bodies.

Cannabis cultivation may also result in scenic or visual resource impacts depending on the scale of the cannabis activity (e.g., personal v. commercial-scale, and indoor v. outdoor) and the geographic area in which it occurs. For example, outdoor cannabis cultivation on agricultural, rural and other scenic lands may result in scenic resource impacts through the proliferation of new structures, such as walls, fencing, greenhouses and hoophouses. In rural coastal areas, where the night sky is generally dark except for the light of distant stars, bright lights from growing operations may also shine over the ocean, on ridgelines, open hillsides, or along rural roads. This may lead to light intrusion into the dark sky, contributing to light pollution which can detract from the scenic character of an area.

Cannabis cultivation may also result in public access impacts. For example, in areas where public access may intersect with cultivation activities, such as on sites where coastal trails pass through agricultural areas, or where tasting and touring facilities operate in conjunction with cultivation operations, public access may be hindered by security provisions (e.g., fencing discouraging access), lack of parking, and/or odor and noise nuisances.

Lastly, it is important to remember that existing, illegal, unregulated cannabis activities often have serious impacts on coastal resources. California's temperate climate and abundance of open, natural spaces—particularly in the northern portion of the state—provide illegal cultivators with large expanses of land, where growers can produce large quantities of cannabis out of sight. In these areas, illegal cultivation operations may result in widespread environmental impacts to land, water bodies, and sensitive habitats and species through unpermitted land clearing (e.g., grading or leveling of hilltops, clearing of native vegetation, and logging), unpermitted water diversions (e.g., creating makeshift dams and streams that harm sensitive species and habitats dependent on those water sources), and improper chemical storage and disposal (e.g., storing and disposing of pesticides, herbicides and rodenticides near riparian or other habitat areas).

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<sup>11</sup> Vertical integration is generally understood as the combination of two or more stages of production that are normally held by disparate entities. So for example, a cultivator may vertically integrate by processing his or her crops into other products, including packaging, labeling, and distributing to retail sites. MAUCRSA generally allows for vertical integration through microbusiness licenses, issued by the Bureau of Cannabis Control. Microbusiness licenses allow for a combination of commercial cannabis cultivation, manufacturing with nonvolatile solvents, distribution, and retail sales under a single license.

### C. Options for Addressing Cannabis Cultivation Impacts in LCPs

To address potential impacts that cannabis cultivation may have on coastal resources, LCPs should first define all cannabis cultivation use types that may be allowed or prohibited within a local jurisdiction. For example, a Land Use Plan may create a land use category that allows for cannabis cultivation. Within this land use category, the LCP could then define the specific types of cultivation that would be regulated, such as indoor, outdoor, and mixed-light cultivation, and depending on local context, site these uses in appropriate zoning districts. This approach could ensure compatibility with a local jurisdiction’s unique geography and resource considerations by placing cannabis cultivation activities within the most appropriate areas. As an example, in Monterey County, the Commission recently approved an amendment to the County’s LCP to allow for commercial cannabis activities on agricultural, commercial and industrial lands.<sup>12</sup> However, to guard against the blanket allowance of all cannabis activities on agricultural lands, the County defined cultivation in line with its broader agricultural protection policies (i.e., as the planting, growing, harvesting, etc., of cannabis) and included the specific, allowable cultivation activities by permit type in its definition (e.g. *specialty indoor, specialty mixed-light, and specialty cottage*).

Depending on the specific use types allowed, an LCP could then impose development standards that ensure cannabis cultivation activities meet specific resource protection standards. For example, an LCP may include cultivation-specific standards related to the following: the location of the proposed cultivation activity in relation to sensitive uses (e.g., visitor-serving uses, environmentally sensitive habitat areas, schools, and parks); maximum site areas, such as maximum sizes for outdoor operations on agricultural lands; setbacks for development that may impact sensitive coastal resources (e.g., setting outdoor cultivation back from a riparian area, or a property line to prevent scenic resource impacts); specific resource-use criteria, such as utilizing specific sources and amounts of water; and other related standards, such as odor, lighting, and security requirements and chemical storage and disposal standards. As an example, the aforementioned LCP Amendment for Monterey County allows cultivation on agricultural and industrial lands and provides strict development standards that limit cultivation activities to *existing* structures so as to provide for the adaptive reuse of greenhouses and to restrict the proliferation of greenhouses or other structures on productive agricultural lands. Beyond these requirements, the County imposed additional development standards, such as water conservation measures and on-site energy generation standards.

Additional LCP policy considerations to address the potential impacts associated with cannabis cultivation are provided below by relevant coastal resource, including: agricultural and timberland resources; ESHA and water quality; scenic and visual resources; and public access.

- ❖ To address **agricultural and timberland resource impacts** associated with cannabis cultivation, LCPs could include

#### Agriculture & Timberland Protection

*The Coastal Act includes strong protections for agricultural lands and timberlands. Section 30241 requires the maximum amount of prime agricultural land be maintained in agricultural production to assure the protection of an area’s agricultural economy. Section 30242 strictly limits the conversion of any agricultural land to nonagricultural uses by requiring any permitted conversion to be compatible with the continued agricultural use of the surrounding land. And Section 30243 requires the protection of the long-term productivity of soils and timberlands, which is critical to the productive capacity of an agricultural site as the presence of nutrients, minerals, organic matter, and microorganisms directly influence the ability of soil to support plant growth. And lastly, Coastal Act Section 30250, cited in Sections 30241 and 30242, also works to protect rural agricultural lands by directing that new development be located in existing developed areas, and by requiring that land divisions outside of urban areas maintain minimum parcel sizes.*

<sup>12</sup> See [LCP-3-MCO-18-0004-1](#), adopted as submitted at the February 2018 Commission hearing.

provisions that are protective of these resources, including, for example, by:

- Defining clearly whether cannabis cultivation is an agricultural use and/or is included as a principally-permitted use under agricultural zones in local coastal jurisdictions and delineating the extent (e.g., indoor, outdoor, mixed-light) of cannabis cultivation and accessory structures allowed on agricultural lands;
- Requiring the clustering of structures on prime and non-prime agricultural lands, and/or placing limits on the size and the cumulative percentage of land to be occupied by cannabis-related structures;
- Limiting the cumulative area of cannabis cultivation operations to specific percentages of prime and/or non-prime agricultural land;
- Requiring evidence that new cannabis cultivation operations will protect the long-term viability of the agricultural site (e.g., requiring evidence that any topsoil removed from a site is retained on-site for future use);
- Implementing permit caps in specific and potentially sensitive geographic areas (e.g., in water scarce areas) to minimize the proliferation of cannabis cultivation operations and accessory structures on agricultural lands;
- Clarifying what accessory and/or support facilities for cannabis cultivation operations are allowed or prohibited on prime and non-prime agricultural lands and what types of permits are required;
- Ensuring that any cannabis activities that are allowed on agricultural lands beyond cultivation, such as processing and retail, are accessory to the cultivation of cannabis and other agricultural crops and that a minimum percentage of cannabis cultivated on-site is required to be used for any accessory activity;
- Requiring additional development standards and procedures as part of the Coastal Development Permit process for vertical integration (e.g., where one cannabis operation proposes more than one cannabis activity on one site, such as processing in addition to cultivation);
- Requiring cannabis cultivation operations to use existing public works facilities, such as existing roads, parking facilities, and electricity and water lines;
- Prohibiting cannabis cultivation on steep slopes to guard against erosion and surface runoff;
- Restricting cannabis cultivation sites from being located on timberlands, and minimizing the expansion of cannabis cultivation operations into new open space areas and natural lands;
- Incentivizing the compliance process for existing, and potentially illegal, cannabis cultivation operations by offering, for example, discounts on permitting fees for applicants bringing their operations into regulatory compliance;
- Limiting the amount of energy use and water use allowed for cannabis cultivation operations or requiring performance standards for energy and water use;
- Requiring restoration plans when cannabis cultivation operations are terminated or abandoned;
- Directing non-soil-dependent cannabis cultivation development (e.g., greenhouses, retail facilities) to non-agricultural areas or areas where existing agricultural uses are already severely limited by urban uses.

❖ To address possible impacts from cannabis cultivation on **ESHA and water quality**, LCPs could include provisions that protect sensitive coastal habitats and water resources, including, for example, by:

- Requiring development adjacent to ESHA to be appropriately sited to protect ESHA through the establishment of or adherence to setbacks and buffer zones based on scientific evaluation;
- Requiring site-specific biological evaluations and field observations to identify ESHA and other sensitive resources and potential impacts, including cumulative impacts, at the time of proposed development or plan amendment applications;
- Including designations and zoning—if not already included in the certified LCP—for an ESHA overlay and including standards that limit uses in ESHA to resource-dependent uses only and that limit uses adjacent to ESHA to ensure protection of the habitat;
- Prohibiting cannabis cultivation on steep slopes to guard against erosion and surface runoff;
- Limiting allowed lighting and requiring downward facing lights to minimize glare and other lighting impacts;
- Incorporating noise reduction policies such as limiting the use of generators in rural areas;
- Adhering to the State Water Board’s Cannabis Cultivation Policy, which ensures that the diversion of water and discharge of waste associated with cannabis cultivation does not have a negative impact on water quality, aquatic habitat, riparian habitat, wetlands, and springs;
- Prohibiting the use of rodenticides in cannabis cultivation operations to prevent impacts to raptors and other wildlife;
- Requiring site specific water supply evaluations and water management plans as part of permit applications to ensure that sufficient water is legally available to serve the proposed cannabis operation without adversely affecting water quality and habitat from diversions of water from surface water sources or wells;
- Prohibiting the use of diversionary water sources (e.g., natural springs, streams) for the irrigation of cannabis operations.

#### ESHA & Water Quality Protection

*The Coastal Act sets high standards for the protection of Environmentally Sensitive Habitat Areas (ESHA), including various types of wetlands, riparian areas, coastal prairies, woodlands and forests, and other natural resources in the coastal zone. Section 30107.5 of the Coastal Act defines ESHA as “an area in which plant or animal life or their habitats are either rare or especially valuable because of their special nature or role in an ecosystem and which could be easily disturbed or degraded by human activities and developments”. Section 30240(a) of the Coastal Act restricts development within ESHA to only those uses that are dependent on the resource, and requires that ESHA be protected against significant disruption of habitat values. It also requires that development adjacent to ESHA and parks and recreation areas be sited and designed to prevent degradation of those areas and to be compatible with the continuance of those habitat and recreation areas. Similarly, the Coastal Act requires the protection and enhancement of marine and coastal water quality. Sections 30230 through 30236 of the Coastal Act pertain to the protection of the marine environment, with Section 30231 addressing requirements to maintain biological productivity.*

❖ To address potential impacts from cannabis cultivation on **scenic and visual resources**, LCPs could include provisions that are protective of these resources, including, for example, by:

#### Scenic & Visual Resource Protection

*Protection of the scenic resources of the coastal zone is a central part of the Coastal Act. Section 30251 of the Coastal Act requires that the scenic and visual qualities of coastal areas be considered and protected as a resource of public importance. Permitted development is required to be sited and designed to protect views to and along the ocean and scenic coastal areas, to minimize the alteration of natural land forms, to be visually compatible with the character of surrounding areas, and where feasible, to restore and enhance the visual quality in visually degraded areas. Further, new development in highly scenic areas must be subordinate to the character of the surrounding area.*

- Limiting or prohibiting the use of greenhouse and other mixed light or outdoor lighting during nighttime hours to avoid light intrusion into the dark sky;
- Requiring downward facing lights to minimize glare and other lighting impacts;
- Limiting the construction of new cultivation-related structures, such as greenhouses and hoophouses, or requiring cannabis cultivation to occur within existing structures;
- Requiring the clustering of structures and/or placing limits on the size and the cumulative percentage of land to be occupied by structures to ensure compatibility with the visual character of the surrounding area and protection of views to and along the ocean and scenic areas;
- Setting height limits for outdoor cannabis cultivation canopies and accessory or other related structures;
- Requiring security structures, including fencing and signage, to blend in with the character of the surrounding area;
- Requiring the preparation and submittal of landscape and screening plans for individual, cannabis-related coastal development permit (CDP) applications;
- Designating setbacks to reduce visibility of the operations and structures in visually sensitive locations, including public accessways and trails;
- Providing development standards that minimize the visibility of structures through reflectivity or color controls.

❖ To address **public access** impacts associated with cannabis cultivation, LCPs could include provisions that are protective of public access resources, including, for example, by:

- Requiring public access plans for individual, cannabis cultivation-related CDP applications for development located near existing or planned public access sites, visitor-serving uses, and/or coastal access roads to assure the public's continued access and demonstrate that the proposed operation is compatible with the public's continued use and enjoyment of these areas, uses, or facilities;
- Limiting cannabis cultivation activities that require security protocols, such as fencing and secure buildings, from being located in areas where public access may be impacted;
- Requiring that all cultivation operations and development, including accessory development such as retail and tasting facilities, provide and assure that parking is available to serve the cultivation operation without impacts to parking used for coastal public access.

#### Public Access Protection

*One of the fundamental goals of the Coastal Act is to provide maximum **public access** to the coast, which includes protecting existing and providing new public access. Coastal Act sections 30210, 30211, 30212, 30212.5 and 30214 are particularly relevant for cannabis activities, as these provisions relate to protecting the public's right to access the coast; preventing development from interfering with public access; requiring new development to provide public access, except in certain cases, such as where agriculture would be adversely affected; requiring public facilities, such as parking, to be distributed throughout an area to mitigate against public overuse; and taking into account the facts and circumstances of each individual case—such as topographic and geologic site characteristics—when regulating public access.*

## Cannabis Manufacturing, Retail, and Other Commercial Cannabis-related Uses

Under MAUCRSA, a *commercial cannabis activity* may include any of the following: cultivation, possession, manufacturing, distribution, processing, storing, laboratory testing, packaging, labeling, transportation, delivery or sale of cannabis and cannabis products.<sup>13</sup>

Manufacturing cannabis means to compound, blend, extract, infuse, or otherwise make or prepare a cannabis product.<sup>14</sup> Cannabis manufacturers may produce varying cannabis products including edibles, topical products, and concentrates, and may operate under four licenses currently provided by the California Department of Public Health, including: for extraction using a volatile solvent;<sup>15</sup> for extraction using a mechanical method or non-volatile solvent; for infusions; and for packaging and labeling only.<sup>16</sup> A licensed manufacturer will thus conduct the production, preparation, propagation, or compounding of cannabis or cannabis products either directly or indirectly or by extraction methods, or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis, at a fixed location that packages or repackages cannabis or cannabis products or labels or relabels its container.

Other commercial cannabis activities like distribution, testing, retail, and microbusinesses are regulated by the Bureau of Cannabis Control.<sup>17</sup> Distribution pertains to the procurement, sale, and transport of cannabis and cannabis products between licensees (e.g., other licensed, commercial cannabis operators, such as dispensaries and microbusinesses), while the testing of cannabis products involves a laboratory, facility, or entity that offers or performs tests of cannabis or cannabis products for health and safety purposes, such as for potency, pathogens, and residual solvents. Retail involves the sale or transaction of cannabis or cannabis products, while microbusinesses must engage in at least three of the following four commercial cannabis activities under MAUCRSA, including: cultivation, manufacturing, distribution, and retail sales.

As with cultivation, the manufacturing, testing, distribution, and retail of cannabis may also pose coastal resource protection issues. For example, manufacturing and distribution facilities may result in the overloading of public works facilities, such as roads, if allowed in areas not normally associated with the processing and transport of agricultural goods, such as in light commercial or rural residential areas. Manufacturing and testing facilities could also impact ESHA and sensitive water bodies where security lighting is allowed to spill into wildlife and habitat areas, while waste discharges from manufacturing, distribution, and testing facilities may also lead to the introduction of chemicals and other pollutants into water bodies. If microbusinesses are sited on agricultural lands, they could include accessory uses that are commercial or industrial in nature, leading to a cumulative impact on agricultural viability as a result of meeting the structural and spatial needs of each project component.

To guard against these potential impacts, LCPs may include development standards that encourage cannabis-related structures and activities to be sited on lands most suitable for commercial or industrial uses. For example, turning raw cannabis plant material into other value-

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<sup>13</sup> See Business & Professions Code § 26001(k).

<sup>14</sup> See Business & Professions Code § 26001(ag).

<sup>15</sup> Under MAUCRSA, a volatile solvent is a solvent that is or produces a flammable gas or vapor that, when present in the air in sufficient quantities, will create explosive or ignitable mixtures, such as butane, propane, or hexane. A non-volatile solvent, such as ethanol, water, cooking oils, or butter, will not readily evaporate into a gas under existing conditions.

<sup>16</sup> The California Department of Public Health is developing a fifth license type for shared-use manufacturing facilities, which will be for businesses and facility owners that alternate use of manufacturing premises.

<sup>17</sup> Microbusinesses are fully integrated commercial cannabis operations that cultivate cannabis and engage in additional commercial cannabis activities, such as manufacturing, distribution, and retail sales, much like a microbrewery produces and sells its craft beer.

added products may be accomplished on non-agricultural land. The compounding, blending, extracting, and infusion of cannabis is not *the planting, growing, harvesting, and trimming of a plant* and therefore these activities do not need to be sited on agricultural lands. A key example is the City of Eureka's LCP, which limits manufacturing, distribution, and testing to industrial and commercial lands.<sup>18</sup> In instances where manufacturing may occur in agricultural areas, additional standards may be needed. For example, in San Luis Obispo County, the County amended its LCP to allow some cannabis manufacturing on industrial, commercial and agricultural lands.<sup>19</sup> While the LCP would also allow for cultivation on prime and non-prime agricultural lands, cannabis manufacturing would be limited to the County's non-prime agricultural lands and limited to those areas where raw cannabis materials are grown onsite. This is in line with the existing LCP, which allows for the processing of other agricultural products on non-prime agricultural land, where the product was grown on-site, subject to additional limitations.

- ❖ For impacts related to manufacturing, distribution, microbusinesses, retail, and other commercial cannabis-related activities, LCPs could include provisions that are protective of coastal resources, including, for example, by:

#### Cannabis-Related Commercial Uses

*Commercial cannabis activities may include cultivation, possession, manufacturing, distribution, processing, storing, laboratory testing, packaging, labeling, transportation, delivery and/or sale of cannabis and cannabis products.*

- Directing non-soil-dependent cannabis development (e.g., non-soil dependent greenhouses, manufacturing, processing, and distribution) to non-agricultural areas, areas without prime soils, or areas where the viability of existing agricultural uses is already severely limited by urban uses;
- Ensuring that processing and sales, distribution and manufacturing, where operating in conjunction with cultivation on agricultural lands, are accessory to the cultivation of cannabis and that a minimum percentage of cannabis cultivated on-site is required to be used for any processing, sales, manufacturing and/or distribution activity;
- Requiring additional development standards and procedures as part of the Coastal Development Permit process for vertical integration (e.g., where one cannabis operation proposes more than one cannabis activity on one site, such as manufacturing in addition to cultivation);
- Clarifying what accessory and/or support facilities for cannabis operations are allowed or prohibited on prime and non-prime agricultural lands and what types of permits are required;
- Requiring the clustering of structures associated with cannabis operations, especially where sited on agricultural lands, as well as placing limits on the size of cannabis-related structures;
- Adhering to the State Water Board's Cannabis Cultivation Policy, which ensures that the diversion of water and discharge of waste associated with cannabis cultivation does not have a negative impact on coastal waters, water quality, aquatic habitat, riparian habitat, wetlands, and springs.

<sup>18</sup> See [LCP-1-EUR-17-0063-2](#), adopted as submitted at the December 2017 Commission hearing.

<sup>19</sup> See [LCP-3-SLO-18-0020-1](#), adopted with modifications at the June 2018 hearing.

- Requiring development adjacent to ESHA to be appropriately sited to protect ESHA through the establishment of or adherence to setbacks and buffer zones based on scientific evaluation;
- Requiring cannabis-related development near the coast or other public lands or trails, especially retail and microbusiness facilities, to provide and assure that parking is available to serve the operation;
- Requiring setbacks to reduce visibility of the operations and structures in visually sensitive locations, including near public accessways and trails;
- Requiring downward facing lights to minimize glare and other lighting impacts;
- Requiring security structures, including fencing and signage, to blend in with the character of the surrounding area;
- Requiring the preparation and submittal of landscape and screening plans for individual, cannabis-related CDP applications;
- Siting structures to minimize development of access roads that may contribute to erosion or adverse impacts to coastal waters or sensitive habitats;
- Requiring public access plans for individual, cannabis-related CDP applications for development located near existing or planned public access sites, visitor-serving uses, and/or coastal access roads that assure the public's continued access and demonstrates that the proposed operation is compatible with the public's continued use and enjoyment of these areas, uses, or facilities.

## Conclusion

This informational document examines some of the potential coastal resource impacts that cannabis cultivation and other cannabis-related development activities, such as manufacturing, may pose. These potential impacts include: the proliferation of buildings, access roads and accessory structures on agricultural lands; clearing native vegetation and sensitive habitat areas; lighting in scenic areas or sensitive resource habitats; noise and odor nuisances; overcrowding of parking facilities and roads; fencing and security provisions that obstruct public access or degrade the scenic or visual character of an area; overuse of water and energy supplies; and improper discharge of waste products.

This informational document also provides examples of LCP provisions that local jurisdictions may consider when developing or updating their LCPs to address commercial cannabis uses. However, because MAUCRSA allows each local jurisdiction to determine which commercial cannabis activities are allowed or prohibited within their respective jurisdictions, and because local coastal resources and land uses vary by jurisdiction, not all provisions will be applicable or necessary in every jurisdiction. Towards that end, local and state collaboration is critical to minimizing the impacts of cannabis cultivation and other cannabis-related activities on local coastal resources.

For unpermitted cannabis operations that have resulted in or may result in illegal land clearing, logging, grading, and stream diversions, bringing these cannabis operations into regulatory compliance is paramount. Local jurisdictions have the authority to enforce local codes but may encourage voluntary compliance by incentivizing the compliance process for existing, illegal cannabis operations by offering, for example, discounts on permitting fees for applicants who bring their operations into regulatory compliance, or by offering alternative areas for

relocating an existing operation. In any event, unpermitted development must obtain a valid CDP, and LCPs should include standards related to violations and enforcement.

DRAFT

## Attachment: Local Government LCP Amendments related to Cannabis Activities

As of July 2018, the Coastal Commission has received a total of 35 LCP Amendment applications related to cannabis activities (including LCP Amendment applications that were withdrawn or requested time extensions).<sup>20</sup> Listed below are the 20 LCP Amendment applications (excluding time extensions) that were submitted to and acted on by the Commission as of July 2018.

Local Government	LCP Amendment	Description	Commission Action
City of Grover Beach	<a href="#">LCP-3-GRB-18-0045-2</a>	Updates standards for commercial cannabis activities and uses by specifying that the existing ordinance's allowance for medical cannabis activities and uses may also apply for adult (i.e., recreational) use (i.e., medical and recreational cannabis activities would now be allowable in the City). The proposed amendment also allows the Planning Commission, as opposed to City Council, to serve as the reviewing body for all non-retail (e.g., manufacturing and indoor cultivation) cannabis permits, including those that require a coastal development permit (CDP). The City Council would serve as the review authority for all retail permits including those that require a CDP, and would also serve as the appeal body for other cannabis decisions, such as for manufacturing and cultivation facilities, made by the Planning Commission.	Approved at the July 2018 Hearing
County of Santa Cruz	<a href="#">LCP-3-SCO-18-0032-2-Part A</a>	The proposed amendments would amend Chapter 13.10 of the LCP's Implementation Plan and complementary policies in the Land Use Plan related to non-retail commercial cannabis activities including cultivation, distribution, and manufacturing. The proposed amendments would define cannabis cultivation, distribution, and manufacturing; modify the use charts to allow these uses in certain zoning districts subject to restrictions; and set forth regulations governing these cannabis related activities to protect coastal resources.	Approved at the July 2018 Hearing
County of San Luis Obispo	<a href="#">LCP-3-SLO-18-0020-1</a>	An amendment to allow for commercial cannabis activities, including cultivation on agricultural lands and manufacturing on industrial and commercial lands, as well as certain restricted agricultural lands.	Approved at the June 2018 Hearing
City of Carmel	<a href="#">LCP-3-CML-17-0058-1</a>	The amendment will extend the existing prohibitions on medical marijuana dispensaries and marijuana-related commercial activities, including cultivation and commercial recreational dispensaries and activities, but will allow for the personal cultivation of up to six cannabis plants inside a private residence or inside a residential accessory structure.	Approved at the February 2018 Hearing
City of Grover Beach	<a href="#">LCP-3-GRB-18-0005-1</a>	Amends LCP regarding Commercial Medical Cannabis Uses within the Coastal Industrial and Coastal Industrial Commercial Zones of the City.	Approved at the February 2018 Hearing
County of Monterey	<a href="#">LCP-3-MCO-18-0004-1</a>	Commercial cannabis amendments. Amend Monterey County Land Use Plan and Implementation Plan to allow permitting of commercial cannabis activities and regulate commercial cannabis activities in the coastal zone; and establish regulations for the operation of commercial cannabis activities in a manner that is consistent with state law at 7697 Highway One (former Kaiser National Refractories site), Moss Landing.	Approved at the February 2018 Hearing
City of Santa Cruz	<a href="#">LCP-3-STC-17-0073-2-Part C</a>	Amends the City's existing cannabis regulation to address the legalization of adult use (recreational) cannabis. The City has expanded the number of retail uses allowed from two to five and established regulations for cultivation, manufacturing, testing, distribution, and retail uses.	Approved at the February 2018 Hearing
City of San	<a href="#">LCP-6-SAN-17-</a>	Creates two new uses: marijuana testing facilities and marijuana	Approved at the February 2018

<sup>20</sup> As of June 2018, the Commission has seven open LCP Amendment applications, including for the Cities of Pacifica and Huntington Beach, as well as for the Counties of Humboldt (three open applications), Santa Cruz, and Santa Barbara.

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Diego	<a href="#">0081-5</a>	production facilities. Testing facilities would allow the commercial testing of marijuana products for health and safety purposes and would be ministerially approved in industrial zones and commercial zones that prohibit residential use. Marijuana production facilities are individual or combined facilities engaged in the agricultural raising, harvesting, and processing of marijuana, wholesale distribution and storage of marijuana products, and production of marijuana goods consistent with state health regulations. Marijuana production facilities would be limited to industrial zones - with a maximum 40 in the City - with the same 1,000-foot separation requirements from sensitive receptors (i.e. parks, churches, schools, libraries, etc.) as marijuana retail outlets.	Hearing
City of Eureka	<a href="#">LCP-1-EUR-17-0063-2</a>	Public hearing and action on request by the City of Eureka to amend the certified Implementation Plan to establish regulations for cannabis cultivation, manufacturing, testing, research and development, transportation, distribution, and dispensing and add these uses as principal permitted or conditional uses in certain commercial, industrial, and the Office and Multi-Family Residential zoning districts.	Approved at the December 2017 Hearing
City of San Diego	<a href="#">LCP-6-SAN-17-0050-2</a>	Converts medical marijuana cooperatives into a new separately regulated commercial service called marijuana outlets in a limited number of industrial and commercial zones. The proposed ordinance does not allow marijuana outlets in any residential, open space, or agricultural zones.	Approved at the October 2017 Hearing
City of Grover Beach	<a href="#">LCP-3-GRB-17-0046-1</a>	Amends Grover Beach Municipal Code to allow the establishment of commercial cannabis uses for the cultivation, manufacturing, dispensing, transportation, distribution and testing of medical marijuana and medical marijuana products.	Approved at the July 2017 Hearing
City of Manhattan Beach	<a href="#">LCP-5-MNB-16-0045-1</a>	Prohibits cultivation of marijuana and commercial medical marijuana activities.	Approved at the November 2016 Hearing
City of Carmel	<a href="#">LCP-3-CML-16-0005-1-Part B</a>	Amend the LCP and City Municipal Code to define and prohibit medical marijuana dispensaries, cultivation of marijuana and all commercial medical marijuana uses in the City.	Approved at the April 2016 Hearing
City of San Diego	<a href="#">LCP-6-SAN-14-0605-1</a>	Creates a new separately regulated commercial service, medical marijuana consumer cooperatives. The cooperative can be permitted with a Conditional Use Permit in a limited number of industrial zones and commercial zones.	Approved at the June 2014 Hearing
City of Imperial Beach	<a href="#">IMB-MAJ-3-12</a>	The proposed amendment would add a new chapter to the City's Zoning Code/Implementation Plan prohibiting medical marijuana distribution facilities in all zoning districts.	Approved at the March 2013 Hearing
County of Humboldt	<a href="#">HUM-MIN-1-12</a>	Limits the indoor residential cultivation of medical marijuana for personal use consistent with state law such that the cultivation shall (a) be limited to no more than 50 square foot of area within the interior of residence or detached accessory building, (b) not exceed certain maximum electrical requirements, (c) be ventilated, (d) not require use of gas products, (e) not result in discharges of effluent, and (f) meet other standards to prevent conflicts with neighboring land uses as a minor amendment.	Approved at the March 2012 Hearing
County of Santa Barbara	<a href="#">STB-MAJ-2-11</a>	Prohibits medical marijuana storefront dispensaries within County boundaries.	Approved at the March 2012 Hearing
County of Santa Cruz	<a href="#">SCO-1-11 Part 2</a>	Amends LCP to establish standards to regulate the lawful distribution of medical marijuana by cooperatives and collectives in the C-1 (Neighborhood Commercial), C-2 (Community Commercial) and C-4 (Commercial Services) zoning districts, when located more than 600 feet from a public or private school.	Approved at the August 2011 Hearing
City of Laguna Beach	<a href="#">LGB-MAJ-3-09A</a>	Request by the City of Laguna Beach to amend its certified Local Coastal Program (LCP) by making two changes to the certified IP. These two changes would define the term medical marijuana dispensary and prohibit that use throughout the City.	Approved at the January 2011 Hearing
City of Carpinteria	<a href="#">CPN-MAJ-1-07</a>	Prohibits the establishment of medical marijuana dispensaries but does not preclude the individual use of medical marijuana by qualified patients.	Denied at the November 2007 Hearing <sup>21</sup>

<sup>21</sup> At the time, the Commission did not consider cannabis a Coastal Act issue and denied this amendment on the grounds that the prohibition of dispensaries was not a Coastal Act issue.