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To: Commissioners and Interested Persons

From: Susan Craig, Central Coast District Manager
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**Subject: Santa Cruz County LCP Amendment Number LCP-3-SCO-18-0032-2-Part A
(Cannabis Ordinance)**

SUMMARY OF STAFF RECOMMENDATION

Santa Cruz County proposes to amend its Local Coastal Program (LCP) to regulate non-retail commercial cannabis activities¹ within the County. The proposed amendments would amend Chapter 13.10 of the LCP's Implementation Plan (IP) and complementary policies in the Land Use Plan (LUP) 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.

In general, the proposed amendments regulate cannabis in a manner similar to other types of agricultural cultivation and processing, with additional requirements to address the unique issues related to cannabis activities, including natural resource protection (e.g., setbacks from wetlands, streams, and sensitive habitats), visual resource protection (e.g., no new structures allowed for cannabis activities, downcasting or shielding any outdoor lighting, etc.), product security, odor control, and water consumption (e.g., requiring demonstration of adequate water supply). The amendments differentiate between the broad subtypes of cannabis activities (e.g., cultivation, distribution, and manufacturing), and limit these activities to appropriately zoned areas. More specifically, the proposed amendments would generally limit cannabis cultivation, distribution, and manufacturing within the coastal zone (and including a one-mile buffer from the coastal zone boundary) to existing structures in certain Industrial, Commercial, and Agricultural zone districts, and would prohibit non-retail commercial cannabis activities in the coastal zone in most

¹ The proposed amendment is limited to "non-retail commercial cannabis activities" because retail commercial cannabis activities are limited to areas outside of the coastal zone; regulations governing retail commercial cannabis activities can be found in Santa Cruz County Code Chapter 7.130 *Cannabis Dispensary Licenses*, which is not a part of the certified LCP.

zoning districts, including all Residential and Timber Production districts. And in addition, all cannabis activities must be consistent with coastal resource protection standards, including the ones described above regarding visual resource and sensitive habitat protection.

Commission staff has worked cooperatively and proactively with County staff to help craft a cannabis regulatory program that responds to and protects the unique geographies and resources of Santa Cruz County's coastal zone. As such, staff recommends that the Commission approve the LUP and IP amendments as submitted. The motions and resolutions are found on page 3 below.

Staff Note: LCP Amendment Action Deadline

This proposed LCP amendment was filed as complete on May 31, 2018. The proposed amendment affects both the LCP's LUP and IP, and the 90-day action deadline is August 29, 2018. (*See* Pub. Res. Code Sections 30513, 30514(b).) Thus, unless the Commission extends the action deadline (it may be extended by up to one year per Pub. Res. Code Section 30517), the Commission has until August 29, 2018 to take a final action on this LCP amendment.

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EXHIBITS

- Exhibit 1: Proposed Land Use Plan Amendment
- Exhibit 2: Proposed Implementation Plan Amendment

I. MOTIONS AND RESOLUTIONS

Staff recommends that the Commission, after public hearing, approve the proposed LCP amendment as submitted. The Commission needs to make two motions, one on the LUP amendment and a second on the IP amendment, in order to act on this recommendation.

A. Certify the LUP Amendment as Submitted

Staff recommends a **YES** vote on the motion below. Passage of the motion will result in the certification of the LUP amendment as submitted and adoption of the following resolution and findings. The motion to certify as submitted passes only upon an affirmative vote of the majority of the appointed Commissioners.

Motion: *I move that the Commission **certify** Land Use Plan Amendment LCP-3-SCO-18-0032-2-Part A as submitted by Santa Cruz County, and I recommend a **yes** vote.*

Resolution: *The Commission hereby certifies Land Use Plan Amendment LCP-3-SCO-18-0032-2-Part A as submitted by Santa Cruz County and adopts the findings set forth below on the grounds that the amendment conforms with the policies of Chapter 3 of the Coastal Act. Certification of the Land Use Plan amendment complies with the California Environmental Quality Act because either 1) feasible mitigation measures and/or alternatives have been incorporated to substantially lessen any significant adverse effects of the plan on the environment, or 2) there are no further feasible alternatives or mitigation measures that would substantially lessen any significant adverse impacts which the Land Use Plan Amendment may have on the environment.*

B. Certify the IP Amendment as Submitted

Staff recommends a **NO** vote on the motion below. Failure of the motion will result in certification of the IP amendment as submitted and the adoption of the following resolution and findings. The motion passes only by an affirmative vote of a majority of the Commissioners present.

Motion: *I move that the Commission reject Implementation Plan Amendment LCP-3-SCO-18-0032-2-Part A as submitted by Santa Cruz County, and I recommend a **no** vote.*

Resolution: *The Commission hereby certifies Implementation Plan Amendment LCP-3-SCO-18-0032-2-Part A as submitted by Santa Cruz County and adopts the findings set forth below on the grounds that the amendment is consistent with and adequate to carry out the certified Land Use Plan. Certification of the Implementation Plan amendment complies with the California Environmental Quality Act because either 1) feasible mitigation measures and/or alternatives have been incorporated to substantially lessen any significant adverse effects of the plan on the environment, or 2) there are no further feasible alternatives or mitigation measures which could substantially lessen any significant adverse impact which the Implementation Plan Amendment may have on the environment.*

II. FINDINGS AND DECLARATIONS

A. DESCRIPTION OF PROPOSED LCP AMENDMENT

The proposed LCP amendments would update both the LUP and IP components of the LCP to provide a comprehensive regulatory and licensing program governing non-retail commercial cannabis activities in Santa Cruz County, namely for cannabis cultivation, manufacturing, and distribution. Per the County, the intent of the proposed amendments is to provide a system for local regulation of cannabis activities, including the issuance of discretionary licenses and land use permits for commercial cannabis activities in certain zoning districts subject to the protection of environmental and coastal resources, and public health, safety, and welfare. With a few exceptions, including new outdoor cultivation allowed within agricultural zoning districts, the proposed amendments otherwise limit non-retail commercial cannabis activities, including cultivation, distribution, and manufacturing, to existing structures and facilities (i.e., no new greenhouses, hoop houses, or manufacturing/distribution structures are allowed) within certain agricultural, manufacturing, and industrial zoning districts in the coastal zone. The proposed amendments further prohibit cannabis activities on parcels zoned for Residential, Special Use, and Timber Production uses within the coastal zone².

Specifically, the proposed amendments would allow cannabis cultivation and manufacturing, but prohibit cannabis distribution, in existing facilities in the CA (Commercial Agriculture) and A (Agriculture) zoning districts; allow cannabis cultivation, manufacturing, and distribution in existing facilities in the C-2 (Community Commercial) and C-4 (Commercial Services) zoning districts; and allow cannabis cultivation, manufacturing, and distribution in existing facilities in the M-1 (Light Industrial), M-2 (Heavy Industrial), and M-3³ (Mineral Extraction Industrial) zoning districts (with the exception of potential new outdoor or hoop house cultivation in the two sites zoned M-3 in the coastal zone in conjunction with the adoption of or amendment to a reclamation plan).

In addition to specifying where certain cannabis activities are allowable, the amendments also include a series of coastal resource protection standards such uses must meet, including for visual resources, water quality, and sensitive habitat protection. For example, the proposed amendments require any outdoor lighting to be directed downward or shielded and disallows any lighting for cultivation purposes that would be visible from sunset to sunrise; that all riparian setbacks shall be met; all outdoor operations to be screened to minimize visibility from public roads; and that all applications for cannabis licenses shall either include a letter from the water district demonstrating that there is adequate water to serve the site needs or provide evidence of an alternate approved water source.

² The ordinance allows some of these activities to be permitted under limited circumstances in these zoning districts outside the coastal zone.

³ The proposed amendments would limit cannabis cultivation, distribution, and manufacturing to existing facilities within the coastal zone except the potential for new outdoor or hoop house cultivation in M-3 in conjunction with the adoption of or amendment to a reclamation plan (for sites previously used for mining). There are only two sites zoned M-3 in the coastal zone (the Bonny Doon limestone quarry, which is closed and undergoing reclamation, and a portion of the Felton Quarry west of Empire Grade, which has never been active or permitted).

Please see **Exhibit 1** for the proposed LUP amendment text and **Exhibit 2** for the proposed IP amendment text.

B. CONSISTENCY ANALYSIS

Standard of Review

The proposed amendments affect both the LUP and IP components of the Santa Cruz County LCP. The standard of review for LUP amendments is that they must be consistent with and adequate to carry out the Chapter 3 policies of the Coastal Act. (*See Pub. Res. Code Section 30512(c).*) The standard of review for IP amendments is that they must be consistent with and adequate to carry out the policies of the certified LUP. (*See Pub. Res. Code Section 30513.*)

LUP Consistency Analysis

Applicable Coastal Act Sections

Coastal Act Section 30250(a) requires new development to be located within areas that are already developed, or in other areas with adequate services and where no adverse impacts to coastal resources will occur, and states:

Section 30250(a). New residential, commercial, or industrial development, except as otherwise provided in this division, shall be located within, contiguous with, or in close proximity to, existing developed areas able to accommodate it or, where such areas are not able to accommodate it, in other areas with adequate public services and where it will not have significant adverse effects, either individually or cumulatively, on coastal resources. In addition, land divisions, other than leases for agricultural uses, outside existing developed areas shall be permitted only where 50 percent of the usable parcels in the area have been developed and the created parcels would be no smaller than the average size of surrounding parcels.

Coastal Act Section 30251 seeks to protect the coastal zone's visual resources via protecting views to and along the ocean and in scenic areas, and ensuring that new development is compatible with the character of the surrounding area.

Section 30251. Scenic and visual qualities. The scenic and visual qualities of coastal areas shall be considered and protected as a resource of public importance. Permitted development shall 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 visual quality in visually degraded areas. New development in highly scenic areas such as those designated in the California Coastline Preservation and Recreation Plan prepared by the Department of Parks and Recreation and by local government shall be subordinate to the character of its setting

Coastal Act Sections 30241 through 30243 seek to protect agricultural land/timber production land via requiring that these lands be maintained in agricultural/timber production use to the greatest extent feasible, and further stipulates that conflicts between agriculture and urban land uses shall be minimized:

Section 30241. *The maximum amount of prime agricultural land shall be maintained in agricultural production to assure the protection of the areas' agricultural economy, and conflicts shall be minimized between agricultural and urban land uses through all of the following:*

- (a) By establishing stable boundaries separating urban and rural areas, including, where necessary, clearly defined buffer areas to minimize conflicts between agricultural and urban land uses.*
- (b) By limiting conversions of agricultural lands around the periphery of urban areas to the lands where the viability of existing agricultural use is already severely limited by conflicts with urban uses or where the conversion of the lands would complete a logical and viable neighborhood and contribute to the establishment of a stable limit to urban development.*
- (c) By permitting the conversion of agricultural land surrounded by urban uses where the conversion of the land would be consistent with Section 30250.*
- (d) By developing available lands not suited for agriculture prior to the conversion of agricultural lands.*
- (e) By assuring that public service and facility expansions and nonagricultural development do not impair agricultural viability, either through increased assessment costs or degraded air and water quality.*
- (f) By assuring that all divisions of prime agricultural lands, except those conversions approved pursuant to subdivision (b), and all development adjacent to prime agricultural lands shall not diminish the productivity of such prime agricultural lands.*

Section 30242. *All other lands suitable for agricultural use shall not be converted to nonagricultural uses unless (1) continued or renewed agricultural use is not feasible, or (2) such conversion would preserve prime agricultural land or concentrate development consistent with Section 30250. Any such permitted conversion shall be compatible with continued agricultural use on surrounding lands.*

Section 30243. *Productivity of soils and timberlands; conversions. The long-term productivity of soils and timberlands shall be protected, and conversions of coastal commercial timberlands in units of commercial size to other uses or their division into units of noncommercial size shall be limited to providing for necessary timber processing and related facilities.*

Consistency Analysis

The proposed LUP amendments are generally protective of coastal resources, and adequately implement the above-referenced Coastal Act sections. The proposed amendments require protection of coastal resources, including by restricting commercial cannabis activities to

appropriate zoning districts, and through the inclusion of policies specifically designed to protect sensitive coastal and environmental resources.

More specifically, the proposed LUP amendments minimize impacts to coastal resources by restricting non-retail commercial cannabis activities⁴ to agricultural, commercial, and industrial zoning districts (e.g., allowing cultivation within agricultural districts and manufacturing within industrial districts), and prohibiting non-retail commercial cannabis activities in all Residential, Timber Production, and Special Use zoning districts within the coastal zone. The proposed amendments therefore direct cannabis activities to appropriate zoning districts including for the purpose of protecting coastal resources, consistent with Coastal Act Section 30250(a). In addition, the proposed LUP amendments (when read in conjunction with the proposed IP amendments) would direct cannabis activities to existing developed structures and facilities within the coastal zone (i.e., the amendments prohibit the construction of new facilities for cannabis activities). The proposed amendments would therefore require non-retail commercial cannabis activities to occur in existing greenhouses, hoop houses, or buildings in certain agricultural, commercial, and industrial zoning districts, consistent with Coastal Act 30250(a), which encourages new development within existing developed areas. In other words, the proposed amendments would not result in the proliferation of new cannabis-related construction within the coastal zone; rather, these amendments would make appropriate use of existing developed facilities including existing hoop houses, greenhouses, and other structures. In sum, by directing cannabis activities to existing structures in the coastal zone, the proposed amendments prevent the development of new structures within the coastal zone to serve the cannabis industry, which further serves to minimize any adverse impacts to coastal resources, consistent with Coastal Act Section 30250(a).

Limiting cannabis activities to existing structures within the coastal zone also serves to protect agricultural land, and minimizes potential impacts to the coastal zone's visual resources. Specifically, the proposed amendments would allow farmers with existing greenhouses and/or hoop houses on certain lands zoned CA and A in the coastal zone to cultivate and manufacture cannabis (which is generally considered an economically viable crop) in lieu of other less lucrative crops including crops where the demand has steadily subsided in recent years (e.g.: flowers). The proposed LUP amendments are therefore consistent with Coastal Act Sections 30241 and 30242 via offering farmers with existing structures on lands zoned CA or A the opportunity to grow a more financially sustainable crop, and thus the ability to continue to farm these lands. This in turn helps to ensure that agriculturally zoned lands continue to be used for agricultural purposes and are not converted to other non-agricultural uses. Lastly, the proposed LUP amendments include language intended to protect the County's vibrant and diverse agricultural economy, and ensure that cannabis activities do not dominate the County's agricultural sector by, for example, limiting the agricultural zoning districts where cannabis activities will be allowed. While cannabis cultivation and production is simply another type of agricultural use (comparable to raising livestock, grazing, wineries, row crops, etc.), and thus the

⁴ The proposed Cannabis Ordinance is limited to non-retail commercial cannabis activities including cultivation, manufacturing, and distribution. Commercial retail cannabis activities (i.e., the sale of cannabis) would be limited to existing cannabis retail facilities all of which are outside of the coastal zone, and thus not included in the proposed amendments.

allowance of cannabis activities in agricultural zoning districts would not be inconsistent with Coastal Act Sections 30241 and 30242, these policies recognize the importance of preserving a diverse agricultural sector and can be interpreted as protecting against a large-scale shift from an existing diverse array of agricultural crops (which currently exists in Santa Cruz County) to a single crop-heavy agricultural sector (such as cannabis). The proposed amendments would also protect the County's unique coastal agricultural vistas, and minimize impacts to the public viewshed in the coastal zone more broadly, via limiting cannabis activities to existing structures within the coastal zone, consistent with Coastal Act Section 30251.

Finally, the proposed amendments would prohibit all cannabis activities in lands zone for Timber Production (TP) in the coastal zone. The prohibition of cannabis activities in the TP zoning district protects against the conversion of timber production land to any cannabis-related activities within the coastal zone, consistent with Coastal Act Section 30243.

In sum, the proposed LUP amendments provide the overall framework for the regulatory structure of non-retail commercial cannabis activities both within and outside the Coastal Zone, including ensuring that cannabis activities are undertaken in a manner that protects coastal resources by directing such activities to specific geographic areas appropriate for their use. As submitted, the proposed LUP amendments conform with the above-cited Coastal Act policies.

IP Consistency Analysis

Land Use Plan Policies

In addition to the cannabis-specific LUP policies shown in **Exhibit 1**, the County's LCP includes a number of existing applicable policies that recognize and protect the County's diverse array of visual and biotic resources (see policies cited below). The proposed IP amendments (see **Exhibit 2**) would supplement these existing policies with additional provisions that identify where (i.e., in which zoning districts) cannabis activities can take place within the coastal zone, and that protect/enhance environmental conditions through minimizing grading/erosion and requiring site restoration where applicable.

Objective 5.10a Protection of Visual Resources

To identify, protect and restore the aesthetic values of visual resources.

Objective 5.10b New Development in Visual Resource Areas

To ensure that new development is appropriately designed and constructed to have minimal to no adverse impact upon identified visual resources.

5.10.2 Development Within Visual Resource Areas

Recognize that visual resources of Santa Cruz County possess diverse characteristics and that the resources worthy of protection may include, but are not limited to, ocean views, agricultural fields, wooded forests, open meadows, and mountain hillside views. Require projects to be evaluated against the context of their unique environment and regulate structure height, setbacks and design to protect these resources consistent with the objectives and policies of this section. Require discretionary review for all development within the visual resource area of Highway One outside of the Urban/Rural boundary, as designated on

the GP/LCP Visual Resources Map and apply the design criteria of Section 13.20.130 of the County's zoning ordinance to such development.

5.10.3 Protection of Public Vistas

Protect significant public vistas as described in policy 5.10.2 from all publicly used roads and vista points by minimizing disruption of landform and aesthetic character caused by grading operations, timber harvests, utility wires and poles, signs, inappropriate landscaping and structure design. Provide necessary landscaping to screen development which is unavoidably sited within these vistas. (See policy 5.10.11.)

5.10.5 Preserving Agricultural Vistas

Continue to preserve the aesthetic value of agricultural vistas. Encourage development to be consistent with the agricultural character of the community. Structures appurtenant to agricultural uses on agriculturally designated parcels shall be considered to be compatible with the agricultural character of surrounding areas.

Objective 5.12 Timber Production

To encourage the orderly economic production of forest products on a sustained yield basis under high environmental standards, to protect the scenic and ecological values of forested areas, and to allow orderly timber production consistent with the least possible environmental impacts.

Objective 5.1 Biological Diversity

To maintain the biological diversity of the County through an integrated program of open space acquisition and protection, identification and protection of plant habitat and wildlife corridors and habitats, low-intensity and resource compatible land uses in sensitive habitats and mitigations on projects and resource extraction to reduce impacts on plant and animal life.

5.1.6 Development Within Sensitive Habitats

Sensitive habitats shall be protected against any significant disruption of habitat values; and any proposed development within or adjacent to these areas must maintain or enhance the functional capacity of the habitat. Reduce in scale, redesign, or, if no other alternative exists, deny any project which cannot sufficiently mitigate significant adverse impacts on sensitive habitats unless approval of a project is legally necessary to allow a reasonable use of the land.

Objective 5.2 Riparian Corridors and Wetlands

To preserve, protect and restore all riparian corridors and wetlands for the protection of wildlife and aquatic habitat, water quality, erosion control, open space, aesthetic and recreational values and the conveyance and storage of flood waters.

Consistency Analysis

In general, the proposed IP amendments (**Exhibit 2**) adequately implement the LUP policies, as amended. The proposed IP amendments are consistent with the LUP and provide additional detail in terms of where cannabis activities are allowable within the coastal zone by identifying

which agricultural, industrial, and commercial zoning districts would allow specific cannabis activities. The proposed IP amendments provide additional coastal resource protections to supplement the LUP including requirements related to improving existing environmental conditions, minimizing erosion and site disturbance, and providing for site restoration following any grading activities or relocation of cannabis activities.

The proposed IP amendments expand upon the proposed LUP amendments by defining which cannabis activities are allowable within each specific zoning district. For example, the proposed IP amendments would allow limited cannabis cultivation⁵ and manufacturing⁶, but prohibit cannabis distribution⁷ in certain agricultural zoning districts; and would allow limited cannabis cultivation manufacturing, and distribution in certain commercial and the industrial zoning districts. More specifically, the proposed amendments would allow outdoor cultivation within existing hoop houses and indoor cultivation and manufacturing in existing legal structures in the Commercial Agriculture (CA) and Agriculture (A) zoning districts, and would prohibit all cannabis activities in the Agricultural Preserve (AP) zoning district. By prohibiting cannabis distribution in the agricultural zoning districts, the proposed amendments help to ensure that agricultural lands will be maintained in agricultural use (including but not limited to planting, growing, propagating, and packaging cannabis) and not used for product labeling, large-scale storage or transportation. Furthermore, by prohibiting all commercial cannabis activities in the AP zoning district, the proposed amendments would preserve the character of those agricultural lands, including as is intended by LUP Objective 5.15 and LUP Policies 5.15.22 and LUP Policy 5.10.5. In the Commercial zoning districts, the proposed amendments would allow cannabis cultivation in existing legal structures (including both greenhouses and other existing legal structures) in only the C-4 zoning district, and cannabis manufacturing and distribution would be allowable in both the C-2 and C-4 zoning districts. In the industrial zoning districts, cannabis activities including cultivation, manufacturing, and distribution would generally be allowable in existing structures, and cannabis cultivation could potentially be allowable in new hoop houses under very limited circumstances within the coastal zone. Specifically, cannabis cultivation would be allowable in the M-3 zoning district in either new or existing hoop houses in conjunction with “adoption or amendment of a reclamation plan” (for sites previously used for mining). However, as described above, because there are only two sites zoned M-3 in the coastal zone (the Bonny Doon limestone quarry, which is closed and undergoing reclamation, and a portion of the Felton Quarry west of Empire Grade, which has never been active or permitted), it

⁵ The proposed amendments (see IP Section 13.10.700-C in **Exhibit 2**) define cannabis cultivation as “any activity involving the planting, growing, developing, propagating, harvesting, drying, curing, grading, trimming, packaging, or storage of one or more cannabis plants or any part thereof in any location, indoor or outdoor, including within a fully enclosed and secured building.”

⁶ The proposed amendments (see IP Section 13.10.700-C in **Exhibit 2**) define cannabis manufacturing as “the production, preparation, propagation, or compounding of manufactured cannabis products either directly or indirectly, or by extraction methods, independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis, at a fixed location including any storage, packaging, or repackaging of cannabis products in conjuncture with manufacture.”

⁷ The proposed amendments (see IP Section 13.10.700-C in **Exhibit 2**) define cannabis distribution as “the activity of storing and/or transporting cannabis or cannabis products between licensed entities, and any ancillary activity, such as packaging or labeling products, that is conducted in association with the distribution activity.”

is not clear that any cannabis activities (including cultivation, manufacturing, or distribution) would ever be pursued and thus authorized in the M-3 zoning district, but would nevertheless be allowable. In sum, the proposed IP amendments provide for limited commercial cannabis activities (generally limited to existing structures) within appropriately zoned areas.

With respect to the proposed IP amendments' consistency with the LUP's visual resource protection policies, as is described above, the proposed IP amendments would limit cannabis to existing facilities within certain agricultural, industrial, and commercial zoning districts (CA, A, M-1, M-2, M-3, and C-4). Limiting cannabis activities to existing facilities inherently protects visual resources via strictly prohibiting the construction of new facilities for cannabis cultivation, manufacturing, and distribution within the coastal zone. Therefore, as proposed, the IP amendments would preserve the County's unique visual resources, consistent with LUP Objective 5.10a and 5.10b. The proposed IP amendments are also consistent with LUP Policies 5.10.2, 5.10.3, and 5.10.5, which collectively recognize that the County's visual resources vary widely and include agricultural fields, ocean views, and wooded forests, and that development should be designed to protect such views and align with the character of the land (e.g., limit development on agricultural land to direct agricultural-related development including structures typically associated with agricultural operations). Once again, because the proposed IP amendments would limit cannabis activities to existing facilities (i.e., prohibit new development for cannabis cultivation, manufacturing, or distribution) in the coastal zone, the County's unique visual resources will not be impacted and thus these resources will be adequately protected and preserved.

Finally, the proposed IP amendments adequately implement the proposed LUP policies that state that cannabis activities are required to minimize adverse impacts to sensitive environmental and coastal resources. Specifically, the proposed IP amendments identify that riparian and other environmentally sensitive habitat area (ESHA) setbacks must be observed consistent with IP Chapter 16.30 *Riparian Corridor and Wetlands Protection*; that outdoor lighting is required to be directed downward or shielded; that grading activities shall be minimized; and that Best Management Practices shall be used to conserve natural resources and to ensure that cannabis activities will have "as minimal an impact as possible on the surrounding environment" (see **Exhibit 2**).

Overall, the proposed amendments represent a comprehensive regulatory program, ensuring that commercial cannabis activities are only allowed in appropriate areas and subject to strict standards in order to protect coastal resources. Because the proposed amendments would limit cannabis activities to existing facilities within the coastal zone and within limited zoning districts, the proposed amendments are inherently designed to mitigate any adverse impacts to coastal resources. Therefore, the proposed IP amendments adequately carry out the above-cited LUP policies, as amended.

C. CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

The Coastal Commission's review and development process for LCPs and LCP amendments has been certified by the Secretary of the State's Natural Resources Agency as being the functional equivalent of the environmental review required by CEQA. (14 CCR § 15251(f).) Local governments are not required to undertake environmental analysis of proposed LCP

amendments, although the Commission can and does use any environmental information that the local government has developed. CEQA requires that alternatives to the proposed action be reviewed and considered for their potential impact on the environment and that the least damaging feasible alternative be chosen as the alternative to undertake.

Santa Cruz County filed a notice of exemption for the proposed amendments, noting that Division 13 (commencing with Section 21000) of the Public Resources Code does not apply to the adoption of an ordinance, rule, or regulation by a local jurisdiction that requires discretionary review and approval of permits, licenses, or other authorizations to engage in commercial cannabis activity, provided that the discretionary review shall include any applicable environmental review. In other words, the proposed amendments are exempt because each discretionary application for license and land use permit will be subject to environmental review pursuant to CEQA. This report has discussed the relevant coastal resource issues with the proposal. All above findings are incorporated herein in their entirety by reference.

As such, there are no additional feasible alternatives or feasible mitigation measures available which would substantially lessen any significant adverse environmental effects which approval of the amendments would have on the environment within the meaning of CEQA. Thus, the proposed amendments will not result in any significant environmental effects for which feasible mitigation measures have not been employed consistent with CEQA Section 21080.5(d)(2)(A).