

**OPERATIONS PLAN
for
SIDIFOAX, INC.**

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Project Narrative

Sidifoax, Inc. (“Sidifoax” or “Applicant”) hereby submits the following updated project description to the application for a Major Conditional Use Permit to conduct cannabis activities submitted on May 1, 2019 (DRC2019-00086). The subject property is located at 7575 Carissa Highway, Santa Margarita, CA, 93453, APN# 072-311-008. The property is approximately 106 acres in size and is zoned for Agricultural use (AG). It is owned by JTA Roth LLC, which is managed by the husband of Sidifoax’s CEO.

Applicant is seeking authorization to cultivate up to 22,000 square feet of cannabis indoors (in greenhouses); up to one acre of cannabis outdoors; and up to 5,000 square feet of nursery (in the microbusiness building) on the property. These would be built in phases, as described below.

In addition to cultivation operations, Applicant is proposing to conduct small-scale, non-volatile manufacturing on the property as is permitted by the San Luis Obispo County Code. No infusion would be conducted unless such becomes allowable per county rules. The space allotted for manufacturing would be within the limits set by the county.

Applicant is also seeking authorization to conduct transportation activities as permitted by the County Code. Specifically, only cannabis products harvested or produced on the property would be transported off-site.

The state licenses that would be applied for include:

- Microbusiness
 - Nursery +
 - Non-Volatile Manufacturing +
 - Distribution (Transport Only)
- Cultivation - Small Mixed-Light
- Cultivation - Medium Outdoor

Applicant would be eligible for a microbusiness license from the Bureau of Cannabis Control since they would be engaging in three of the four listed commercial cannabis activities (cultivation - nursery; manufacturing; and distribution), and these activities would all take place in the same building (the “Microbusiness Building”). Additionally, Applicant would apply for three small mixed-light cultivation licenses, which would correspond to the three greenhouses that are now being proposed on the property. The maximum canopy that Applicant would use between the three greenhouses is 22,000 square feet. Applicant also wishes to reserve the right to apply for one acre of outdoor cultivation at some point in the future, which would represent the final phase of the project. This would require a medium outdoor cultivation license from CDFA.

The project will occur in phases to allow Applicant to gradually scale up. Phase One will involve the installation of the first set of greenhouses and the cultivation of 8000 square feet of canopy,

as well as the construction and operation of the microbusiness building, and would begin upon receipt of the necessary permits and licenses. Phase Two will involve the installation of the second set of greenhouses and the cultivation of 7000 square feet of canopy, and would begin approximately six (6) months after the commencement of Phase One. Phase Three will involve the installation of the third set of greenhouses and the cultivation of 7000 square feet of canopy, and would begin approximately three (3) months after the commencement of Phase Two. Phase Four will involve the outdoor cultivation of up to one acre of canopy, and would occur approximately one (1) to five (5) years after the commencement of Phase Three, if at all. Please refer to the "Breakdown of Project Components" below.

Exterior lighting fixtures will be mounted at approximately 10 feet above the ground; be spaced 100 feet apart along the driveway fence and at all building entrances and exits; and have no more than a 10 foot-candle intensity at ground level average. There will be a composting area on-site measuring approximately 15' x 15', as indicated on the site plan.

Breakdown of Project Components

Project Component	Structure Size (dimensions)	Count	Footprint (sf)	Canopy (sf)
<i>Phase One</i>				
Greenhouses	105' x 96'	3	10,080	8,000
Microbusiness Building	55' x 30'	1	7,150	5,000 for nursery (utilizing "stacking")
Total Phase One			17,230	13,000
<i>Phase Two</i>				
Greenhouses	105' x 96'	1	10,080	7,000
Total Phase Two			10,080	7,000
<i>Phase Three</i>				
Greenhouses	105' x 96'	1	10,080	7,000
Total Phase Three			10,080	7,000
<i>Phase Four</i>				
Outdoor Grow	300' x 180'	1	54,000	43,560
Total Phase Four			54,000	43,560
Water Storage Tanks: Four (4) 10,000-gallon tanks, to be built in Phase One				

Odor Management Plan

Location of facility:

7575 Carrisa Highway, Santa Margarita, CA, 93453
APN: 072-311-008

Types of odors that may be created:

Cannabis odors, emitted from maturing and mature cannabis plants in the cultivation areas, as well as from any processing areas and areas where harvested cannabis is stored.

Means of mitigating the odors:

Sidifoax, Inc. ("Sidifoax") plans to mitigate cannabis odors such that they are not detectable outside of the property. Sidifoax will accomplish this in the following ways, at all times using industry-specific best control technologies and best management practices.

1. Administrative Controls

a. Procedural Activities

- i. Isolation of odor-emitting activities from the rest of the facility via physical placement. Thus, odor-emitting activities will be located in a cluster away from areas without odor-emitting activities. Areas with mature cannabis plants, which emit an odor, will be separate from areas containing immature cannabis plants and from areas not containing any cannabis. Areas where processing and packaging activities take place will also be isolated.
- ii. Minimizing odor escape. Cultivation areas will be located far from any other residences or public roadways, and will be screened from view with fencing and foliage. Doors to buildings where cannabis is grown will be kept shut at all times when not in use. Sidifoax also plans to cultivate young cannabis plants inside with a nursery license, and the windows and doors to the nursery area will remain shut at all times. Windows and doors to all areas where harvested cannabis is stored, as well as areas where cannabis is processed and packaged, will also remain shut at all times.

b. Staff Training Procedures

- i. When new staff members are hired, they will be trained on the odor control system. Additionally, at least once per year all employees will go

through a 60-minute refresher training on odor control to emphasize key points such as closing doors and windows.

- ii. The facility supervisor shall oversee the staff odor mitigation training.

c. Recordkeeping Systems and Forms

- i. The types of records that will be retained include, but are not limited to, records of purchases of filters, performed maintenance tracking, documentation and notification of malfunctions, scheduled and performed training sessions, and monitoring of administrative and engineering controls.

2. Engineering Controls

a. Evidence that the proposed controls are sufficient to effectively mitigate odors from all odor sources

- i. If required by the County, a Professional Engineer or Certified Industrial Hygienist will certify that the plan meets professional expectations of competency and is sufficient to effectively mitigate odors for all sources.

b. Components of Engineering Controls

i. System Design

- 1. Sidifoax plans to utilize odor control technology consisting of carbon filtration, neutralization (i.e., carbon “scrubbers”), fans and/or vacuums, for areas of the site that will be used to store, process, manufacture, or package harvested cannabis, as well as the indoor cultivation areas. The odor control technology will be installed by a professional company (to be determined).

ii. Operational Processes

- 1. Windows and doors of all areas containing cannabis will be sealed shut at all times to minimize odor escape.
- 2. The entrance(s) to the facility will not lead directly into an area where cannabis is being cultivated, propagated, or stored, so that odor does not escape when people enter and exit.

3. The facility supervisor shall be responsible for isolating the odor-emitting activities and making sure the odor control technology is functioning.

iii. Maintenance Plan

1. Sidifoax will ensure that the odor control system is regularly inspected, at least once every three months, and that any necessary repairs are made immediately. At least once every six months, or more frequently if required by law, any filters will be replaced by an individual employed or contracted by Sidifoax. The facility manager will ensure that these regular inspections occur.

3. Timeline for Implementation of Odor Control Practices

- a. Sidifoax plans to implement its odor control practices as soon as the County of San Luis Obispo issues it a permit to operate and it is able to purchase and install odor control technology. Prior to operating, Sidifoax will make all other necessary improvements and obtain all necessary permits.

4. Complaint Tracking System

- a. Sidifoax will keep track of any and all complaints brought against it regarding odors emanating from the property. Sidifoax will record the date of the complaint, who made the complaint (if they did not make it anonymously), and the specific details about the complaint. This record will be kept on file in a logbook at Sidifoax's office for at least two years, or longer if required by law. Sidifoax will designate an employee to be responsible for following up regarding complaints and ensuring that any problems are addressed.

Sign Information

All signs on the property will comply with local and state law, including Chapter 23.04.300 of the San Luis Obispo County municipal code (“Sign Ordinance of the County of San Luis Obispo”), the Medicinal and Adult Use Cannabis Regulation and Safety Act (MAUCRSA), and any applicable regulations. No signs will be constructed, displayed or altered without obtaining a sign permit from the County, unless the sign is exempted from the permit requirement pursuant to County Code Section 23.04.306(b). No prohibited signs or materials will be used.

All entrances to limited-access areas on the premises will contain a sign, at least 12” x 12” in size, that reads:

DO NOT ENTER
LIMITED ACCESS AREA
ACCESS LIMITED TO AUTHORIZED PERSONNEL ONLY

In compliance with State law, Sidifoax will not do any of the following:

- Advertise or market in a manner that is false or untrue in any material particular, or that, irrespective of falsity, directly, or by ambiguity, omission, or inference, or by the addition of irrelevant, scientific, or technical matter, tends to create a misleading impression.
- Publish or disseminate advertising or marketing containing any statement concerning a brand or product that is inconsistent with any statement on the labeling thereof.
- Publish or disseminate advertising or marketing containing any statement, design, device, or representation which tends to create the impression that the cannabis originated in a particular place or region, unless the label of the advertised product bears an appellation of origin, and such appellation of origin appears in the advertisement.
- Advertise or market on a billboard or similar advertising device located on an Interstate Highway or on a State Highway which crosses the California border within a 15-mile radius of the state border.
- Advertise or market cannabis or cannabis products in a manner intended to encourage persons under 21 years of age to consume cannabis or cannabis products.
- Publish or disseminate advertising or marketing that is attractive to children.
- Advertise or market cannabis or cannabis products on an advertising sign within 1,000 feet of a day care center, school providing K-12 instruction, playground, or youth center.

Any signs or advertisements by Sidifoax will contain their State license number, once that number has been assigned. In addition, the property will not display any signs or images depicting cannabis. Since the business would not be open to the public, there is no need for signage other than the street address and business name.

Parking Plan

In accordance with Chapters 22.40.040 and 22.18 of the San Luis Obispo County Code, Sidifoax (“Applicant”) will provide an appropriate number of vehicle (and, if required, bicycle) parking spaces in appropriate locations. The parking lot that is constructed will follow the standards set forth in the County Code.

The property will not be open to the public, so parking spaces would only be used by employees and approved visitors (including contractors, regulators, vendors, and customers on an “appointment only” basis). The parking area, once built, will be secured by a locking gate / fence as well as video surveillance cameras.

Applicant believes that the property has a sufficient number of parking spaces (including at least one handicap parking space) to meet the needs of all employees, visitors, and loading activities for the proposed use. However, a modification from the parking standards is requested. 14 spaces are proposed. The layout of the parking areas, and the location of the spaces, are included in detail on Applicant’s site plan.

Applicant is open to exploring the possibility of covering the parking spaces with solar-panels, which will help generate power while also providing shade for the cars parked beneath them. Below is an example of the solar panel parking lot covers that could be used.¹



¹ <https://www.blueoakenergy.com/solar-carports>

Employee Safety and Training Plan

Sidifoax, Inc. ("Applicant") will establish, implement and maintain a written Injury and Illness Prevention Program (IIPP), as required by law. In accordance with Title 8, Section 3203 of the California Code of Regulations, Applicant's IIPP will include, at a minimum:

1. Identification information for the person(s) with authority for implementing the Program.
2. A system for ensuring that employees comply with safe and healthy workplace habits, such as training and retraining programs, disciplinary actions, recognition of employees who follow safe and healthy work practices, and other similar means of encouraging safe and healthy workplace behaviors.
3. A system for communicating matters related to workplace safety or health with employees in a way that is readily understandable, such as an anonymous notification system, labor/management health and safety committees, or other similar means of effectively communicating with employees regarding workplace health and safety.

Applicant is currently in the process of developing a detailed IIPP, which will be provided to the County once it is complete. Should the Fire Department require a detailed Hazardous Materials Inventory Plan with MSDS/SDS sheets for any chemicals that are used, one will be provided.

Training for all employees will include but not be limited to information about the company's security plan, a basic overview of the laws and regulations governing cannabis licensees and their employees, proper usage of Personal Protective Equipment (PPE), proper use and handling of pesticides and chemicals, and basic workplace health and safety guidelines. As noted in Applicant's Security plan, emergency contact information will be prominently displayed in an area where employees can see it.

In addition to general trainings, Applicant's employees will also be provided with tailored trainings during the following times:

- When they start working for Applicant;
- When given a new job assignment; and
- Whenever new procedures or new equipment are introduced.

Applicant has adopted the following CalOSHA-suggested code of safe practices:

1. All persons shall follow these safe practice rules, render every possible aid to safe operations, and report all unsafe conditions or practices to the foreman or superintendent.
2. Supervisors shall insist on employees observing and obeying every rule, regulation, and order as is necessary to the safe conduct of the work, and shall take such action as is necessary to obtain observance.
3. All employees shall be given frequent accident prevention instructions. Instructions shall be given at least every 10 working days.

4. Anyone known to be under the influence of drugs or intoxicating substances that impair the employee's ability to safely perform the assigned duties shall not be allowed on the job while in that condition.
5. Horseplay, scuffling, and other acts that tend to have an adverse influence on the safety or well-being of the employees shall be prohibited.
6. Work shall be well planned and supervised to prevent injuries in the handling of materials and in working together with equipment.
7. No one shall knowingly be permitted or required to work while the employee's ability or alertness is so impaired by fatigue, illness, or other causes that it might unnecessarily expose the employee or others to injury.
8. Employees shall not enter manholes, underground vaults, chambers, tanks, silos, or other similar places that receive little ventilation, unless it has been determined that is safe to enter.
9. Employees shall be instructed to ensure that all guards and other protective devices are in proper places and adjusted, and shall report deficiencies promptly to the foreman or superintendent.
10. Crowding or pushing when boarding or leaving any vehicle or other conveyance shall be prohibited.
11. Workers shall not handle or tamper with any electrical equipment, machinery, or air or water lines in a manner not within the scope of their duties, unless they have received instructions from their foreman.
12. All injuries shall be reported promptly to a supervisor so that arrangements can be made for medical or first aid treatment.
13. When lifting heavy objects, the large muscles of the leg instead of the smaller muscles of the back shall be used.
14. Inappropriate footwear or shoes with thin or badly worn soles shall not be worn.
15. Materials, tools, or other objects shall not be thrown from buildings or structures until proper precautions are taken to protect others from the falling objects.

Statement of Neighborhood Compatibility

Sidifoax, Inc. ("Sidifoax") is proposing to develop a portion of a 106-acre parcel of land in the Santa Margarita area by installing outdoor garden beds for growing cannabis and constructing a new building and greenhouses to be used for cultivation, nursery, manufacturing, and ancillary activities. Security fencing would be installed, along with native plants and other trees to maintain the natural appearance of the environment. The architecture of any buildings constructed would be designed to blend in and be compatible with the surrounding area.

The subject property is zoned Agricultural (AG), as are the surrounding properties. There are no schools, parks, or other sensitive uses within 1000 feet of the property. The nearest school is several miles away, and the closest house on another property is quite far. The property is mostly vacant grazing land, which would not change under this project. A small corner of the large 106-acre parcel would be used for this project and the remainder of the parcel would remain untouched.

Applicant does not anticipate that this project will result in a significant increase in traffic on local roads, since the facility will not be open to the public and shipments / deliveries will only be made at specific times. There will not be any evidence of cannabis activity from a public roadway via sight or smell. Transportation of cannabis goods would be limited to a maximum of 10 trips per day, and offsite parking would not be allowed. The neighborhood is rural, with houses spread far apart. Thus, noise, odor and lighting should not pose a problem for nearby residents. Additionally, the subject property is accessible directly from a main road, so there are no shared driveways or private roads involved.

In conformity with California's effort to conserve water and energy, the facility will be designed with low-flow plumbing features and landscaping will be irrigated with recycled rainwater runoff. Solar panels will also be incorporated into the design, to provide shade in the parking area while generating electricity to power the facility's operations.

Any complaints regarding the proposed operation would be promptly addressed. Applicant's goal is to be a compliant operator, a good neighbor, and a valued member of the community.

Waste Management Plan

Solid Waste (Non-Cannabis)

Non-toxic solid waste will be disposed of by the property's solid waste hauler. All hazardous waste, as defined in section 40141 of the Public Resources Code, will be handled in compliance with all applicable hazardous waste statutes and regulations. Mediums, bulbs and ballasts utilized during the cultivation of cannabis will be disposed of in accordance with manufacturer's recommendations, or recycled when feasible. Nutrients, pesticides, and other chemicals used in cultivation and processing operations will be disposed of in accordance with manufacturer's recommendations.

Liquid Waste

Liquid waste will be disposed of using the property's septic system. If necessary, a percolation test will be completed and the results provided to the County upon request. Sidifoax will comply with all applicable local and state laws and regulations regarding disposal of liquid waste.

Cannabis Waste

Sidifoax will dispose of cannabis waste by composting, self-hauling to an approved waste facility, or contracting for waste pickup in accordance with state regulations. Cannabis waste will be stored in a secured waste receptacle on the licensed premises, and this area will be monitored by camera. Physical access to the secure waste area will be restricted only to Sidifoax, Sidifoax's employees, or a permitted waste hauler. Public access to the designated receptacle or area shall be strictly prohibited. Sidifoax may also dispose of cannabis waste via composting in accordance with §8308 of the CDFR regulations.

If Sidifoax decides to use a local agency, a waste hauler franchised or contracted by a local agency, or a private waste hauler permitted by a local agency to collect and process cannabis waste, they will provide the information for this waste hauler to the Department of Food and Agriculture and the local authorities. Sidifoax will also obtain and retain documentation from the waste hauler regarding the collection of waste, as well as a weight ticket or other documentation evidencing the receipt of the cannabis waste at an approved facility. If Sidifoax self-hauls waste to an approved facility, documentation evidencing the receipt of the cannabis waste will also be maintained.

Sidifoax will ensure that the disposal of cannabis waste has been entered into the track-and-trace system, as required by State law. Sidifoax will maintain accurate and comprehensive records regarding cannabis waste that account for, reconcile, and evidence all activity related to the generation or disposition of cannabis waste.

Materials Plan

Storage and Safe Use of Pesticides and Fertilizers

Sidifoax, Inc. ("Applicant") will comply with all pesticide laws and regulations enforced by the Department of Pesticide Regulation. Applicant will be guided by the Department of Pesticide Regulation's "Legal Pest Management Practices for Cannabis Growers in California," which is included as an attachment to this application. Applicant will also follow guidance from the US Environmental Protection Agency regarding proper storage of pesticides.

Only pesticides that have been approved by the California Department of Pesticide Regulation for use on cannabis will be used. That list is included as an attachment to this application. Applicant will not use any pesticides which the Department of Pesticide Regulation has specifically prohibited from being used in cannabis cultivation. A list of prohibited pesticides is also included as an attachment to this application.

All pesticides will be properly labeled in secure containers and will be stored separately from cannabis goods, food products, gasoline, cleaning supplies, fertilizers, animal feed, or medicine. Pesticides will not be stored outside, or anywhere where they could leak or spill into drains, wells, groundwater, or surface water. Pesticide storage areas will be properly ventilated, and will not be located near any ignition sources. Pesticide containers will not be stored directly on the floor, but will be elevated on shelves or pellets in the following order to prevent spills and breakage: liquids and any glass containers on the bottom, dry formulas above. The pesticide storage area will be locked when not in use and will be kept clean at all times. Appropriate warning labels and signage will be posted.

Prior to using any pesticides, Applicant will comply with any applicable registration requirements. Applicant will communicate with the San Luis Obispo County Department of Agriculture, Weights and Measures regarding their pesticide usage procedures.

Applicant will comply with the following protocols for pesticides that are approved by the Department of Pesticide Regulation and are exempt from registration requirements:

1. Comply with all pesticide label directions;
2. Store chemicals in a secure building or shed to prevent access by wildlife;
3. Contain any chemical leaks and immediately clean up any spills;
4. Apply the minimum amount of product necessary to control the target pest;
5. Prevent offsite drift;
6. Do not apply pesticides when pollinators are present;
7. Do not allow drift to flowering plants attractive to pollinators;
8. Do not spray directly to surface water or allow pesticide product to drift to surface water. Applicant will spray only when wind is blowing away from surface water bodies;
9. Do not apply pesticides when they may reach surface water or groundwater; and

10. Only use properly labeled pesticides. If no label is available, Applicant will consult the Department of Pesticide Regulation.

Storage and Safe Use of Hazardous Materials

Applicant does not anticipate generating any hazardous materials; however, if hazardous materials are present, they will be stored and handled in accordance with applicable state and local hazardous waste laws and regulations. Applicant would follow guidelines from the California Department of Toxic Substances Control and the United States Environmental Protection Agency. Additionally, any substance that has a Material Safety Data Sheet (MSDS) will be handled in accordance with those specifications.

Cannabis waste is considered “organic waste” according to the Department of Food and Agriculture Emergency Regulations, and will be disposed of in accordance with 3 Cal. Code of Regs. § 8308. Specifically, Applicant will manage all cannabis waste in compliance with division 30, part 3, chapters 12.8, 12.9 and 13.1 of the Public Resources Code, and will obtain all required permits, licenses, and other clearances from regulatory agencies such as local health officials and regional water quality control boards. Cannabis waste management is discussed in more detail in Applicant’s Waste Management Plan.

Pesticides, Fertilizers and Hazardous Materials that May be Used

Pesticides

Citric acid
Cinnamon / cinnamon oil
Cloves / clove oil
Garlic / garlic oil
Neem oil
Rosemary oil
Peppermint / peppermint oil
Sesame / sesame oil
Thyme oil
Any other item on this list, which has been approved by the California Department of Pesticide Regulation as safe to use on cannabis:
http://cdpr.ca.gov/docs/cannabis/can_use_pesticide.pdf

Hazardous Materials

N/A

Fertilizers

Worm casings
Bat guano
Compost
Fish meal
Feather meal
Calcium
Phosphorus
Manganese
Potassium hydroxide
Citric acid
Pre-mixed nutrients (such as FoxFarms brand products)

Other Chemicals

Ethanol