



**September 2020  
Minor Use Permit  
Shell Creek 3 @ APN 037-351-002**

**Project**

The proposed project is a request by Vertical Integration Corporation to cultivate an approximately 3-acre outdoor annual cannabis crop utilizing hoop structures within a 3.75-acre cultivation area and surrounded by secure fencing with vehicular access totaling a 5-acre footprint on APN 037-351-002, an approximately 635 acre agricultural parcel located on Shell Creek Road east of the community of Santa Margarita. The project site is a part of several contiguously owned agricultural parcels all totaling over 31,000 acres.

The cultivation will encompass 3.75 acres of hoop structures and be surrounded by a 5-acre exterior fence. The project proposes to share common facilities including an existing driveway, existing access road, existing below ground waterline from existing well, water treatment facility at the well pad, water storage, and equipment storage with contiguously operated farms located adjacent to the project site on APN 037-371-002 (DRC2020-00011) and APN 037-371-001 (DRC2020-00012). Access from Shell Creek Road as well as the water source facility are located on contiguously owned APN 037-371-002.

Each hoop house is 226.88' long x 24' wide x 12' high (5.5' high sidewalls, per SLO County requirements for temporary hoop structures). Inside each hoop structure are five canopy beds that are 3.7' wide. Total canopy under each hoop house is 0.964 acres. 2.89 acres of canopy will be grown within three sets of 10 hoop houses each having a footprint of 226.88' long x 240' wide, 54,451.2 square feet or 3.75 acres.

The annual crop is harvested in late October and immediately taken offsite for processing. No drying or curing of plant material or storage of harvested plant will occur onsite.

**Background**

The project site is approximately 635 acres consisting of historically irrigated farmland atop a mesa. The property is part of a larger complex of agricultural parcels consisting of several thousand acres. The project site (APN 037-351-002) was most recently utilized for irrigated vegetable crop production. Access is provided to the project site from an existing driveway at County-maintained Shell Creek Road on contiguously owned parcel APN 037-371-002. Water is provided to the site from an existing well located on APN037-371-002 that is shared between three contiguously owned parcels and piped for irrigation of the project site and parcels to the south.

**Site Location**

The project site is located on Shell Creek Road, 2.5 miles north of Highway 58/Calf Canyon Highway and is accessed via an existing driveway on contiguously owned parcel 037-371-002. The site is zoned agriculture.

**Legal Access**

From Shell Creek Road, a paved County road, the existing driveway on 037-371-002 provides access to the project site, as well as adjacent parcel 037-371-001. To additionally support that legal access to the project site is provided by the existing driveway on Shell Creek Road, confirmation has been provided by the County Assessor’s office. Please refer to attached County Assessor’s correspondence. Additionally, as evidence that the adjacent contiguously owned properties have legal access to share the road, please refer to attached Legal Access Exhibit. A Shell Creek Road street address will be required to be assigned.

**Statement of Neighborhood Compatibility**

Grazing land, irrigated agriculture, and vacant properties surround the extremely rural site located over 30 miles east of the community of Santa Margarita and approximately 15 miles southeast of the community of Creston. There are no schools; alcohol or drug rehabilitation facilities within 1,000 feet of the property. The nearest residence is located over 1.5 miles to the north. Shell Creek Road is a rural road with very low traffic volumes. This parcel and the neighboring parcels are uniquely suited for the cultivation of cannabis, as the distinctive odor near the time of harvest and during harvest activities dissipates with distance and the presence of intervening topography. These factors make it unlikely odor would be detectable to travelers on Highway 58, 2.5 miles south of the project site, or by any neighboring residential use. In addition, the project area is well setback from the public road and is not visible (refer to Location section of this document).

The applicant has met with the single neighboring property not under contiguous ownership and established an open line of communication in the event operational concerns or issues regarding odor are raised during times of harvest. Establishment of this communication is considered an effective tool for neighborhood compatibility of this project.

**Lighting**

Motion-activated lighting will be provided at the locked gate on Shell Creek Road as a deterrence measure. Lighting is fully shielded, directed downward and hooded so as not to cast light off the property onto neighboring properties or skyward and complies with the International Dark Sky Association standards for lighting zones and be designed to regulate light spillage onto neighboring properties resulting from backlight, up-light, or glare.

There is also switch-controlled lighting proposed at the water treatment plant for use during nighttime emergency situations. No lighting will be utilized on the cultivation area. Due to the nature of outdoor growing this crop, remote location, and restricted access, no lights are necessary, and all work will occur during daylight hours.

**Signage**

No signage is proposed other than any required by authorizing permitting agencies.

**Setbacks**

The outdoor cultivation area meets all required setbacks. The outdoor cultivation area is situated beyond 300’ at all property lines. The nearest residence outside of ownership is over 1.5 miles to the north.

The project is proposed nearest the southern property line of contiguously-owned parcel APN 037-371-002/DRC2020-00011 with the location chosen to minimize site disturbance for road extension, maintain visual screening from offsite, and locate the project in the most appropriate location of level topography and in close proximity to the existing water connection. The setback distances are as follows:

N ~4,154 feet

S ~369 feet

E ~1,425

W ~766 feet

**Employee Safety and Training Plan**

An Employee Safety and Training Plan has been prepared for the project and submitted under separate cover.

**Staffing**

Seasonal planting will occur during daylight hours in the month of May for 5 days and require 30 staff who will meet offsite to bus, carpool, or vanpool to the site. Seeds and/or clones will be procured in compliance with CA State track-and-trace regulations and delivered to the site. Crop maintenance will require 3 full-time staff to attend the crop during daylight hours. No deliveries of soil will occur prior to the initial planting season. Nutrients, pesticides, and other typical agricultural support deliveries are anticipated twice a month during daylight hours throughout the growing season. Harvest will occur during the month of October during daylight hours and will require 30 staff for a total of 5 days who will cut the plants at the base, weigh them for wet plant weight as required by CalCannabis/CDFCA, place them into bins, and load the bins onto a truck. The truck will immediately transport them to the company processing and distribution facility. Harvested cannabis will be immediately transported offsite in 5 trucks in compliance with CA State track-and-trace regulations. No cannabis will be stored on-site at any time. All activity will occur during daylight hours.

**Security**

A Confidential Security Plan has been prepared for the project and submitted under separate cover for review by the Sheriff’s Department, including security staffing and strict access controls. No harvested cannabis will be stored onsite.

**Fire and Life Safety**

The applicant has consulted with CDF/CAL Fire and existing access from Shell Creek Road is anticipated to be adequate for the fenced outdoor cultivation project with no artificial lighting. The proposed access road extension to the project site from the existing road terminus will consist of an approximately 225’ length of 16’ wide decomposed granite base road. Space for vehicular access will be provided within the fence line in order to ensure access to within 150’ of the entire facility. A 10,000 galvanized steel water tank will be

installed on a compressed gravel pad on the adjacent pad to the south for fire safety use on all three contiguously operated projects.

### **Chemical and Equipment Storage**

One 10'x20' Seatrain will be placed adjacent to the well on the lower portion of the contiguously- owned property APN 037-371-002 for equipment and supplementary chemicals in small quantities. Additional 10'x20' Seatrain will be placed on the mesa adjacent to the fenced area. Storage will include only typical farm equipment and cultivation supplies such as small (under 20 gallons) containers for nutrient and pest management stored on racks, garden tools, workshop tools, supplies, paper products, tractors, ATVs, protective gear, and similar. Layout for storage structures will be multi-use as shown on the Details page of the Site Plan.

### **Pesticide and Fertilizer Application**

All products are non-hazardous and in compliance with the Department of Pesticide Regulation (DPR) and the County of San Luis Obispo Agricultural Commissioner (CAC). Fertilizer application will be monitored by the Regional Water Quality Control Board annual reporting of the project's Nitrogen Management Plan.

The project includes a water treatment system at the well site on APN 037-371-002 that will allow for blending fertilizer into the water prior to irrigation via a direct drip irrigation system. The pesticide plan will evolve and change depending on pests encountered on site and will be varied to avoid pest adaptation. Any pest management will be contracted out for application, and carefully selected from the following list:

#### Insecticides and Miticides

Azadirachtin • Bacillus thuringiensis sub. kurstaki • Bacillus thuringiensis sub. israelensis • Beauveria bassiana • Burkholderia spp. strain A396 • Capsaicin • Cinnamon and cinnamon oil • Citric acid • Garlic and garlic oil • Geraniol • Horticultural oils (petroleum oil) • Insecticidal soaps (potassium salts of fatty acids) • Iron phosphate • Isaria fumosorosea • Neem oil • Potassium bicarbonate • Potassium sorbate • Rosemary oil • Sesame and sesame oil • Sodium bicarbonate • Soybean oil • Sulfur • Thyme oil

#### Fungicides and Antimicrobials

Bacillus amyloliquefaciens strain D747 • Cloves and clove oil • Corn oil • Cottonseed oil • Gliocladium virens • Neem oil • Peppermint and peppermint oil • Potassium bicarbonate • Potassium silicate • Reynoutria sachalinensis extract • Rosemary and rosemary oil • Sodium bicarbonate • Trichoderma harzianum

#### Vertebrate Repellants

Castor oil

An Operator Identification Number will be obtained for the cultivation staff or contractors responsible for pesticide and fertilizer application in accordance with rules established by the Department of Agriculture, Weights and Measures.

### **Storage and Hazard Response Plan**

Vertical Integration has prepared hazard response procedures within the Emergency Management Section of the Employee Safety Plan. In addition, as described above, all pest management will be contracted out and the water treatment system will provide direct fertilization to the irrigation system. Any small chemical containers needed for day to day

operations will be securely and properly stored and utilized in accordance with good farming practices implemented via staff training and application certifications.

**Odor Management Plan**

The proposed annually harvested operation is not anticipating any odor nuisance since a majority of neighboring parcels are under the same ownership, the nearest residence is over 1.5 miles from the proposed project, the area is dominated by agriculture and is very rural. Outdoor cannabis cultivation does not produce odor for the majority of the year, with a 3-5 week window where the odor could potentially be detected. The site meets all setbacks of non-contiguously owned/operated parcels and is not anticipated to be of nuisance to any surrounding property. The applicant has met with the single neighboring property not under contiguous ownership and established an open line of communication in the event concerns regarding odor are raised during times of harvest so they can work to identify measures to ensure the operation is compatible with the neighborhood. Establishment of this communication is considered by the neighborhood to be an effective odor management plan tool.

**Traffic**

A Trip Generation Study and Sight Distance Analysis prepared by OEG, Inc. in 2020 considered a project including construction of a 22,000 sf greenhouse in addition to 3 acres of outdoor cultivation. OEG, Inc. also prepared traffic studies and sight distance analyses for the two contiguously owned and operated projects to the south (DRC2020-00011 and -00012). Traffic volumes for cannabis cultivation are considered similar to other open agriculture activity and the County’s adopted trip generation rates have been applied to the project. The trip generation study evaluated the potential for three acres of cannabis and a 22,000 sf greenhouse. The full evaluation for this expanded project estimated an anticipated average daily trip rate of 12 per day, with zero peak hour trips. Although the evaluation was not revised to remove the consideration of the greenhouse, the estimate of 12 trips is not considered an impact and would not require implementation of any road safety measures or improvements.

The sight distance requirement is met in both directions for the access driveway located on APN 037-371-002. The driveway is recommended to be improved to meet County B-1a standard. Refer to Details sheet of site plan for reference.

**Waste Management Plan**

For solid waste, a standard commercial waste bin will be located adjacent to the grow site. Trash pick-up services will be contracted, and the bin will be emptied when it becomes full. For compostable waste, all unused plant materials and soils will be shredded and tilled back into the soil after harvest. During the grow season, compostable waste will be maintained in a pile inside the secured portion of the grow site.

**Air Quality**

The project is accessed from Shell Creek Road, a paved County maintained roadway. Existing agricultural and proposed gravel roads will be used on the subject property. Good agricultural practices of low vehicle speeds and regular road maintenance as needed will reduce potential for dust.

**Water**

The property is located within the Paso Robles Groundwater Basin- Level of Severity III (Shandon Subarea). Section 22.40.050.CD.5 specifies that cultivation sites requiring a land use permit must offset water use at a 1:1 ratio. Project estimated water use for three acres of cannabis is 2.17 acre-feet/year (AFY), which requires an offset of equal value. The offset will be achieved by the onsite crop replacement of carrots with cannabis within the project footprint. As analyzed by Wallace Group in the Engineered Water Management Plan prepared for the project, 3 acres of outdoor cannabis will utilize a total of 2.17 AFY. The water analysis also considered construction of 22,000 sf of greenhouse, which, with a water use factor of 0.1/gal/sf/day, would have a gross demand of 1.82 AFY. While the greenhouse portion is not a part of this application, the overall water use evaluated was identified as 3.99 AFY. County-defined annual usage factor for vegetables is 1.9 AFY/acre, which when multiplied by the 5 acres of the project footprint is 9.5 AFY, or for the 3.75 acre cultivation area inclusive of walkways would be 7.125. The project will utilize 2.17 AFY, a significant reduction of water use within the project area in all scenarios.

**Energy Use (for Irrigation)**

The project will be served by an existing 175 horse power (HP) pump powered by grid-connected electricity to fill a 10k gallon storage tank near the well on the project site. Energy estimate for this pump is anticipated at 19,000 kWh/year to serve the project site and adjacent proposed facilities. No lighting requiring power is proposed and the staff will be served by portable toilet facilities.

**Disturbance Area**

The project specific activity includes three sets of 10 hoopouses with a total footprint of 3.75 acres that will be placed on previously tilled agricultural land. This activity will only require re-tilling the land for placement of the hoop structures where cannabis will then be planted. A 5-acre fence will encompass the project, totaling approximately 4,482 sf of disturbance and 9 cy cut/0 cy fill. The project site is a 5 acre footprint with an approximately 250' long by 16' wide access road extension. The project and adjacent parcel operations will share an access road, storage, and water treatment facility. It is anticipated that the first project approved will file for the grading and/or building permits required for the shared use facilities.

**Location**

The project area is uniquely suited to a discreet operation that will not be visible to passing motorists or adjacent properties. Shell Creek Road is oriented in a generally north-south direction and is located in a large valley. The project parcel is located on a mesa east of Shell Creek Road and accessed via a road that travels due east along the valley until it reaches a hillside approximately 1,000' from the roadway. The nearest corner of the proposed project to Shell Creek Road is approximately 775' setback from the edge of the mesa and therefore not visible to travelers on Shell Creek Road or any offsite property.

**Archaeology**

A Phase 1 Archaeology Evaluation was completed by Robert L. Hoover, PhD. and David N. Hoover, M.A. in 2019. The report effort included a detailed documentation of the cultural history of the area, a records search of the Regional Archaeological Information Center in Santa Barbara, and a physical surface survey of the project area and surroundings. The

records search and field survey did not indicate presence of cultural resources within the project area or a zone of ¼ mile surrounding and determined that the project will not impact any cultural resources.

### **Biological**

A Biological Resources Assessment and San Joaquin Kit Fox evaluation has been completed by Althouse and Meade, in compliance with County and resource agency guidelines, including completion of spring botanical surveys. This report identifies potential impacts to sensitive biological resources and provides recommended avoidance, minimization, and mitigation measures including compensatory habitat mitigation as required to avoid or reduce those impacts.

### **Agricultural**

In consideration of the County of San Luis Obispo Department of Agriculture/Weights and Measures recommended conditions of approval on adjacent proposed commercial cannabis projects, this project offers the following attestations of operational controls necessary to preserve both onsite and adjacent agricultural activities.

- Williamson Act contract requirements will be maintained.
- Cannabis cultivation activities will be consistent with USDA Natural Resources Conservation Service Field Office Technical Guide.
- No activities will adversely affect slope stability or groundwater recharge.
- Off-site drainage and erosion and sedimentation impacts will not occur and control will adhere to standards in Section 22.52.150C of the County Land Use Ordinance.
- The Department of Agriculture will be consulted prior to cultivation regarding permitting and licensing requirements including obtaining an Operator Identification Number (OIN).
- Parking area shall be minimized to smallest area necessary.
- Water conservation practices will be maintained throughout the life of the project.
- Contiguous parcel ownership will be maintained throughout the life of the project.
- The project is accepting of the waiver of release of liability regarding pesticide use and drift from neighboring agricultural operations and understands that preservation of agricultural operations and “right to farm” protections do not apply to the cultivation of cannabis, which is considered neither an agricultural commodity nor a crop production use.

### **Additional Agency Consultation**

Cannabis projects are required to consult with California Department of Fish and Wildlife (CDFW) for securing either a General Cannabis Cultivation Permit or a Waiver on enrollment with the agency. The project and the adjacent operations have been determined by CDFW to be exempt from the notification requirement in Fish and Game Code Section 1602. The Regional Water Quality Control Board (RWQCB) requires every cannabis cultivation to enroll in the agency’s Cannabis Regulatory Program. The project and the adjacent operations are anticipated to be enrolled as a single Tier 2-low risk site with the RWQCB. The California Department of Food and Agriculture (CDFA) CalCannabis branch is the regulatory agency overseeing the cannabis industry in California. CDFA/CalCannabis will be issuing several permits to the applicant to cultivate 2.89 acres total.