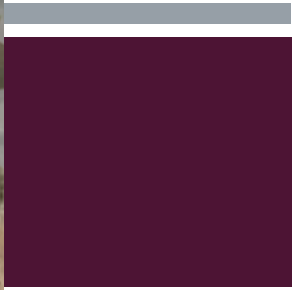
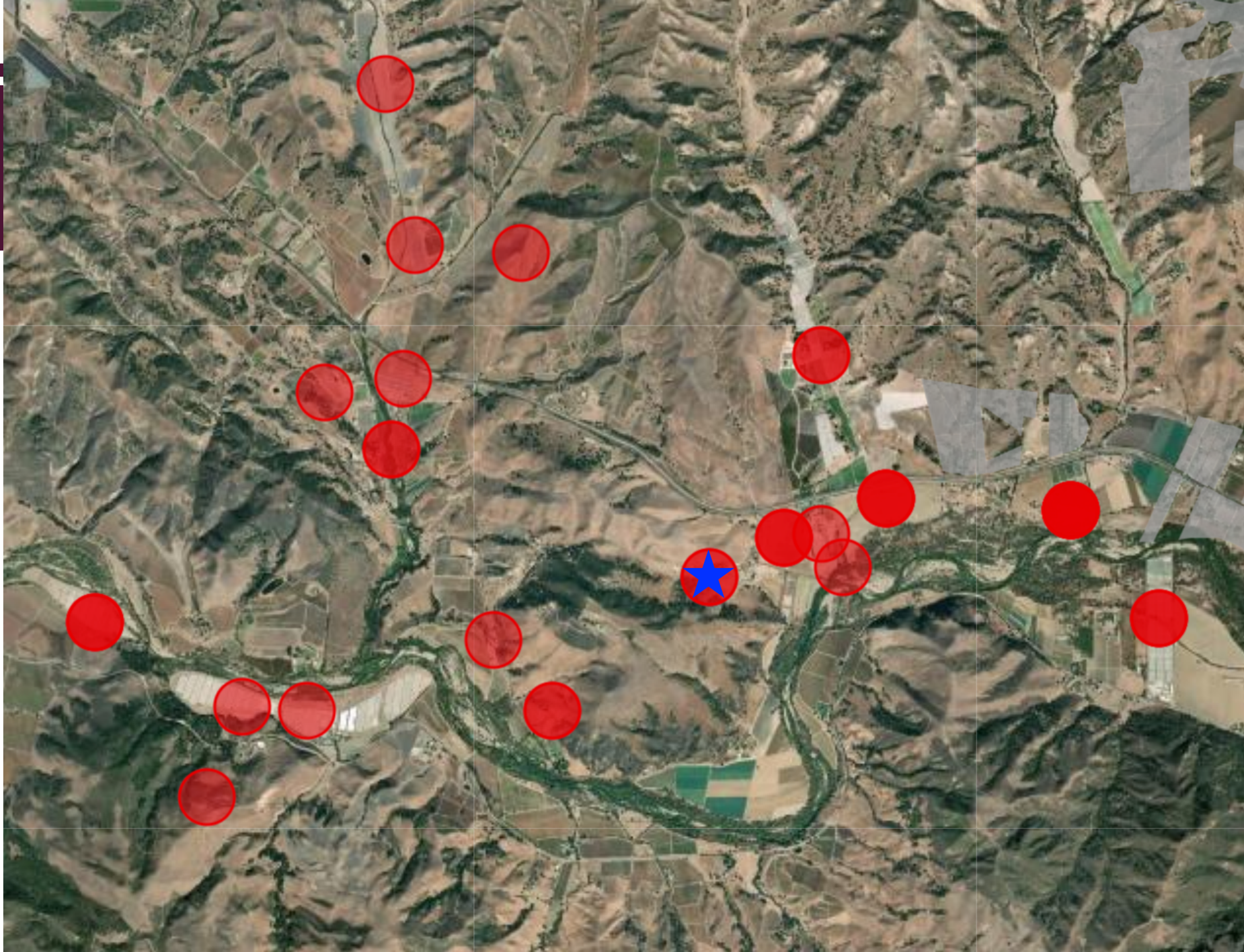

APPEAL OF
CASTLEROCK FAMILY FARMS II, LLC
CANNABIS CULTIVATION (OUTDOOR)

20APL-00000-00019



KEY CANNABIS PERMIT ISSUES

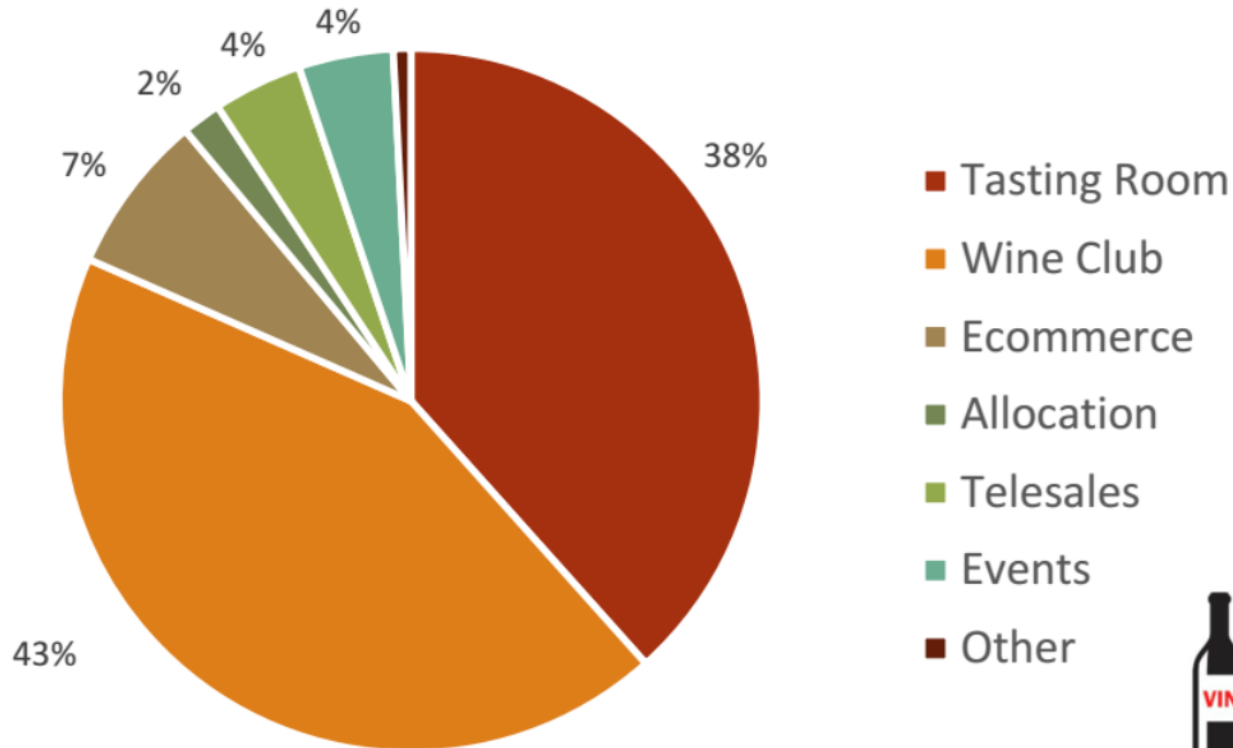
- Precedent: This Project will set a precedent for outdoor cultivation near wine tasting rooms and residences outside the SYVCP
- Operators are only bound by the four corners of the permit: Assertions about operations that are not enumerated as a Project condition are not binding or enforceable, including statements the Project will not emit odors
- No odor abatement: Four month-long harvest periods per year. Mitigation on AG-II parcels is now feasible after amendments to the County's Right to Farm Ordinance
- Impacts to tasting rooms: Wine tasting rooms are critical to the viability of the local wine industry and will be severely impacted by cannabis odors

CEQA REQUIRES PROJECT-LEVEL REVIEW

- Board must comply with CEQA in all decisions - Here: Program EIR + CEQA Checklist
- 2017 Program EIR Analyzed known issues, unable to avoid or mitigate six direct significant impacts and four cumulative impacts, adopting Overriding Considerations
- Subsequent Use of PEIR – ONLY IF PROJECT'S IMPACTS WERE ANALYZED IN PEIR
- Board must order additional, project-level environmental review if:
 - **Substantial changes** occur with respect to the circumstances under which the Project is undertaken, which cause new significant environmental effects or substantial increase in the severity of previously identified significant effects
 - **New information** is available that the Project will have significant effects not discussed in the PEIR or mitigation measures previously found not to be feasible would now be feasible and would substantially reduce one or more significant effects of the project

TASTING ROOM & DIRECT SALES

2019 DTC Channel Sales Mix



1. Tasting room sales were only surpassed (slightly) by wine club sales with most of those club members likely to have been acquired in the tasting room
2. Real value of the tasting room is customer acquisition for wine club sales

81% of sales = tasting room dependent

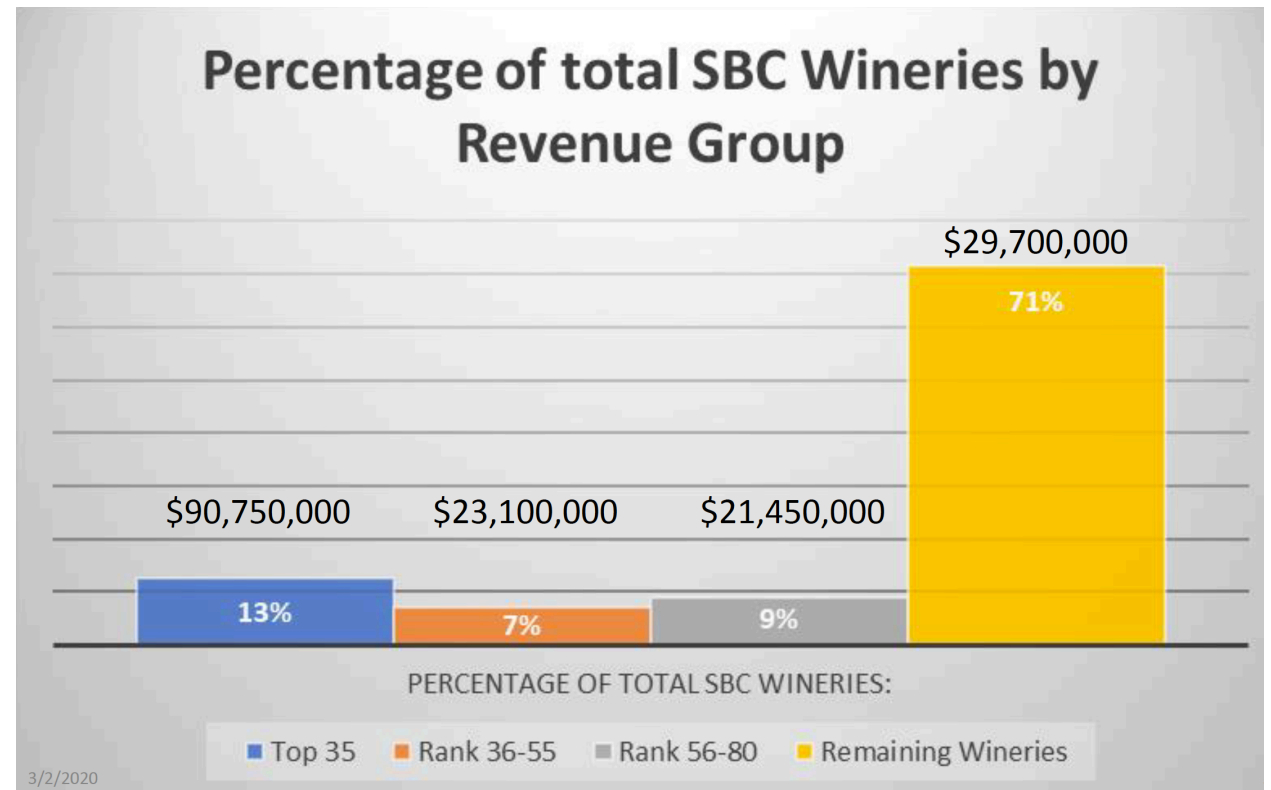
Without the tasting room, the wine sold would be just another wine competing with all other low-cost retailers



Source: WineDirect's 2019 Direct-to-Consumer Sales Report and Vinqest's 2019 Consumer Direct report by Vinteractive

ODOR IMPACTS TO TASTING ROOMS

- Wine is primarily valued on its organoleptic qualities (smell and taste), and where it is grown
 - Per Napa County study, “odor impacts from nearby commercial cannabis operations could detract from both outdoor and indoor tasting areas at adjacent wineries.”
- 55% of the County’s \$165M in taxable bottles sales is generated from only 13% of wineries from their onsite tasting rooms
 - These tasting rooms are primarily located in AG-II zones
- Odor impacts → deter direct sales to consumers → material decline in revenues → unable to sustain farming operations → viability of the wine industry is threatened



ODOR MITIGATION IS NOW FEASIBLE

- PEIR determined that any odor abatement mitigation should not apply in the AG-II areas such as this Project site:

Due to the innate need for the protection of agricultural land, cannabis activity sites within the AG-II zone districts would be exempt from this OAP [Odor Abatement Plan] requirement. [pp. 3.3-24]

- On May 8, 2018, the County Board of Supervisors approved the amendment to the Right to Farm Act to exclude cannabis from its protections
- Right to Farm Act now does not protect AG-II cannabis cultivation from County odor regulations
- This is new information that a mitigation measure previously found not to be feasible would in fact be feasible, and would substantially reduce one or more significant effects of this Project
- Even with Statement of Overriding Considerations, the County still must mitigate the impact where feasible – here, it is now feasible both legally and practically (other operators have implemented Odor Abatement Plans for outdoor cannabis).

NO APAC REVIEW

- PEIR assumed that the County's Agricultural Preserve Advisory Committee ("APAC") would review project impacts on a case-by-case basis:

In order for a cannabis activity license to be approved on contracted lands, the use must not significantly compromise long-term productive agricultural capability or impair long-term agricultural operations. The APAC evaluates the compatibility of uses on an Agricultural Preserve on a case-by-case basis... land use compatibility with adjacent agricultural crops would be ensured by APAC review which ensures compatibility with agricultural uses, and cannabis activities would not conflict with properties that are subject to Williamson Act contracts. [pp. 3.2-20]

- Alternative 2 analyzed a scenario where cannabis is classified as a "compatible use" but limited to one outdoor cannabis cultivation license of 22,000 square feet.
- Uniform Rules were amended post-PEIR certification to remove APAC's review of projects for compatibility with adjacent land uses
- This is a change that results in the impacts that were examined in the PEIR (namely, odor) to be substantially more severe → requires CEQA review of the Project to address site-specific impacts to adjacent land uses, and specifically implementation of odor abatement measures

AMENDMENTS TO WILLIAMSON ACT

- PEIR states and confirms the DOC has authority to specify which uses are “compatible”:

The Department of Conservation determines compatible uses on lands under Williamson Act agricultural preserve contracts. A determination that cannabis cultivation is a compatible use would ensure contract compliance. [pp. 2-10]

- On January 1, 2020, Senate Bill 527 was enacted by amending Gov. Code Sections 51201 and 51231
- Provides that commercial cultivation of cannabis may constitute a “compatible use”
- County’s Uniform Rules violate the Williamson Act and may not be relied upon in approving the Project.

It is significant to note, subdivision (b) in Section 15231 did not constitute a change to State law, but rather a declaratory statement of the existing requirements of Counties. As explicitly referenced, in the process of adopting rules governing agricultural preserves, cannabis cultivation may only be deemed a “compatible” not “agricultural” or qualifying use on contracted or noncontracted lands.

CEQA CHECKLIST IS FLAWED

- **To determine if site-specific operations were covered in the PEIR, CEQA Checklists must:**

Evaluate the site and activity to determine if the impacts were considered in the PEIR.
15168(c)(4)

- **INSTEAD the Project-level CEQA Checklist just:**
 1. Asks whether several PEIR Mitigation Measures are applicable and fails to evaluate Project-specific impacts
 2. Make summary statements regarding the scope of the impacts examined by the PEIR
 3. Does not capture impacts of amendments to RTF, Uniform Rules, or State law

CUMULATIVE IMPACTS

- # of Projects: 16 pending outdoor cannabis cultivation projects and two approved in the Santa Rita Valley area
- Average Acreage: 34 acres
- Total Acreage: 570 acres
 - 36% of the non-Carpinteria cap
 - 52% of the total 1,100 acres of cannabis estimated as needed to supply the entire State of California
- Cluster: 4 projects, of which the Project is one, there is 143 acres proposed
- PEIR does not analyze or examine cumulative impact of this proliferation of cannabis cultivation projects in AG-II zones between Buellton and Lompoc along Highway 246, within the Santa Ynez Valley and Sta. Rita Hills AVAs and a scenic corridor that is considered the gateway to the Valley
 - PEIR did not anticipate either the number or size of the potential cultivation operations in this area, or the magnitude of their impact to odor impacts
 - Potential cumulative impact to agriculture, including odor impacts to tasting rooms, with this intensity of cannabis cultivation in this important wine producing region

19LUP-00000-00015
147 acres

18LUP-00000-00275
70 acres

19LUP-00000-00110
48 acres

19DVP-00000-00018
2.3 acres

19LUP-00000-00069
12 acres

19LUP-00000-00126
4.5 acres

19DVP-00000-00023
4.5 acres

19LUP-00000-00496
22 acres

19DVP-00000-00011
48 acres

19LUP-00000-00331
19 acres

19LUP-00000-00064
50 acres

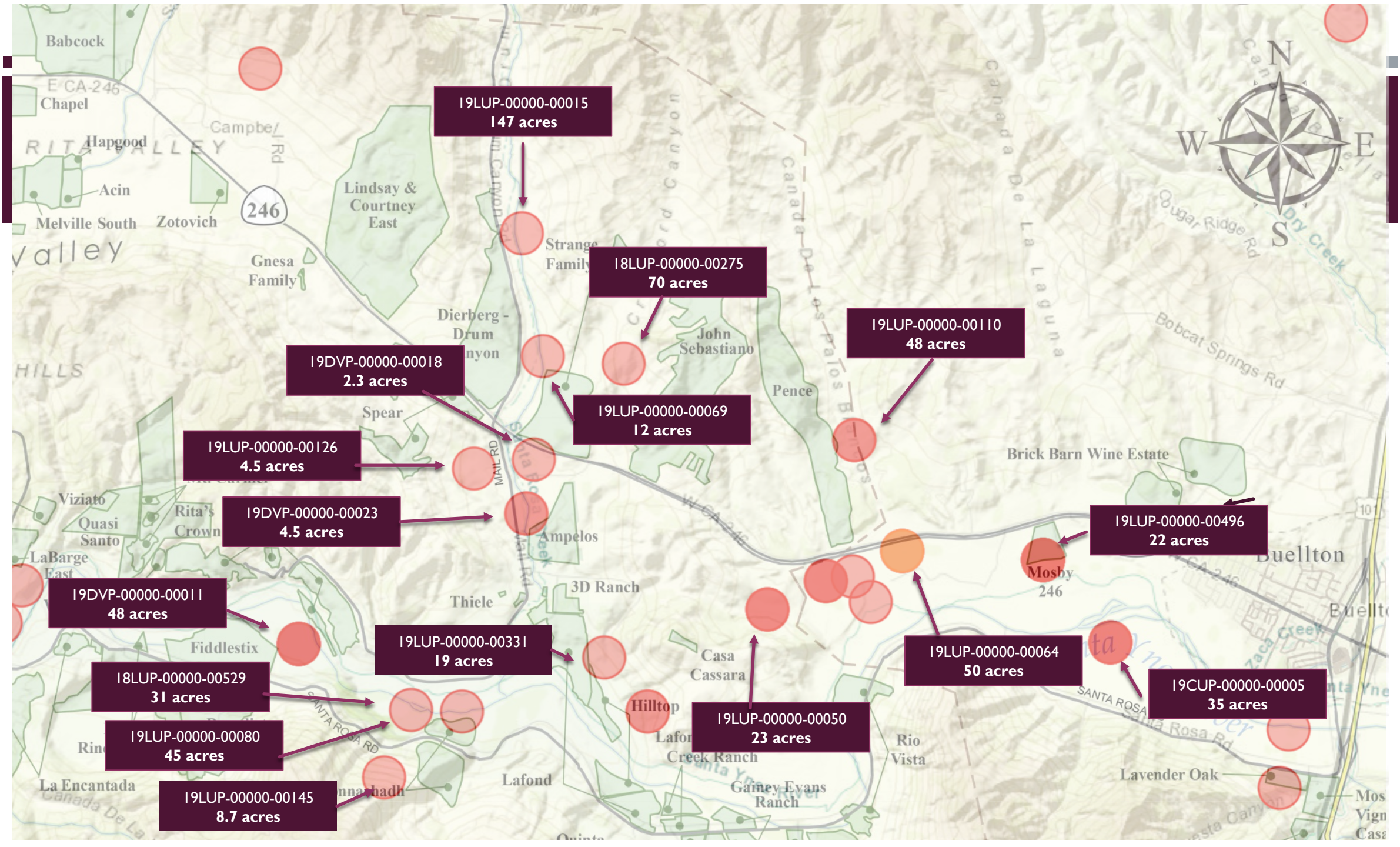
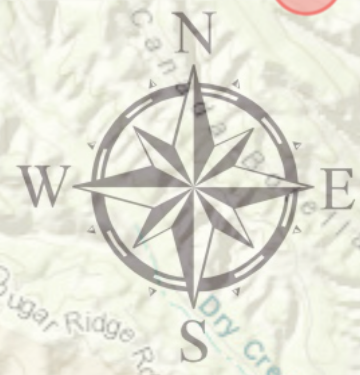
19CUP-00000-00005
35 acres

18LUP-00000-00529
31 acres

19LUP-00000-00050
23 acres

19LUP-00000-00080
45 acres

19LUP-00000-00145
8.7 acres



AGRICULTURAL ELEMENT

- Agricultural Element:

*GOAL I. Santa Barbara County shall assure and enhance the **continuation of agriculture as a major viable production industry** in Santa Barbara Country. Agriculture shall be encouraged. Where conditions allow, (taking into account environmental impacts) expansion and intensification shall be supported.*

- Project jeopardizes the continuation of agriculture as major viable production industry:
 - More than 80% of winery sales revenues are dependent upon the tasting room
 - Wine tasting and conversion to wine sales are contingent upon consumer ability to smell and taste wines
 - Cannabis produces nuisance odors that, unless required, will travel to adjacent properties
 - 82% of County's wineries are located outside of municipalities, primarily in AG-II zones
 - Loss of sales revenues will impact viability of continued grape farming

These conditions do not allow this unmitigated cannabis odors at this site

BASIS FOR PROJECT DENIAL

CEQA requires project-level review document

- PEIR has gaps from changed circumstances
 - Impacts of odors to wine tasting is a significant effect that was not examined by the PEIR
 - The effects from project clustering will be substantially more severe than examined in the PEIR
 - Odor abatement as a mitigation measure was previously found not to be feasible, but would now be feasible
 - APAC is not reviewing projects for compatibility with existing agriculture, including supportive tasting room uses
- Checklist does not have project-specific analysis

Project does not conform to the General Plan

- Conflicts with surrounding agriculture, including tasting rooms
- Odors threaten viability of the wine industry and grape farming

ADDITIONAL CONDITIONS

- Odor abatement is now feasible
- Proposed condition of approval: *All cannabis cultivation shall be sited and/or operated in a manner that prevents cannabis nuisance odors from being detected offsite.*
- Proposed enforcement measures:
 - Identify maximum odor concentrations permitted at property line (EX. < 2 detection threshold using a field ol-facto-meter)
 - Identify maximum number of hours exceeding this odor threshold at the property line (EX. two observations 15 minutes apart within a 1-hour period)
 - Code enforcement takes samples at the property line during harvest periods to confirm compliance
 - If exceeds threshold during set period, deemed a nuisance and violation requiring an odor abatement methods (which could include increased setbacks, growing fewer plants, or growing only low odor cannabis strains) and reduce the odor below the threshold within the time set by the County
 - Odor reduction methods are implemented as needed while monitoring continues during harvest periods