



San Benito County Resource Management Agency

Public Works / Planning & Building / Parks / Integrated Waste

TO: Ray Espinosa, Robert Gibson, and Benny Young

CC: Karen Overstreet, Duane Dauphinee, Michael Kelly

FROM: Taven M. Kinison Brown (TKB), Principal County Planner

DATE: November 4, 2020 (Updated 11/5/2020 to reflect actual taxes to be levied)

RE: **Cannabis Applications**

As a follow-up to recent questions regarding our processing of cannabis applications in the County of San Benito: Karen Overstreet in her message of 10/29/2020 captured the following status:

Six of the ten applications originally submitted (in 2019) were issued a Provisional Cannabis Business Permit (through the Agricultural Commissioner's office [TKB]). These were issued following the Phase 4 Public Meeting held on June 29, 2020 via Zoom Meeting. The permit is contingent on securing a conditional use permit from the County for their proposed project. At this time, I am only aware of two permittees that have begun the process with the Planning Department. They are **CC Campus, LLC and Stoney Farms, LLC**. I do not know their current status for that process. Prior to operating, all applicants must also secure a State license.

We opened a new application period on October 15th. We will be accepting (new licensing) applications through December 31, 2020. Now that the program/process for evaluating applications and issuing the provisional permits are in place, the timeframe for permitting should be considerably shorter than the first go-around.

Current RMA Status of Stoney Farms, LLC and CC Campus:

- Both Stoney Farms LLC and CC Campus Applications were reviewed by the County Interagency Review Committee Meeting, on September 24, 2020, via Zoom.
- Stoney Farms LLC. On October 15, 2020 Mr. Ivan Villa formally submitted his Conditional Use Permit application for the proposed location and structures of his Cannabis business (County File PLN200045). He also intends to build a single family residence on the property.
 - Project Location: 1180 Riverside Rd, Hollister, CA APN 021-050-0280
 - Applicant: Ivan H Villa II ceo@stoneyllc.com (408) 623-2217
 - Representative: Trinh Retterer of JRG Attorneys Trinh@jrgattorneys.com (831) 754-2444 Ext. 317
 - Description: The proposed project consists of development of a Microbusiness, consisting of Manufacturing, Distribution and Delivery under our Stoney Farms LLC Stoney brand name. The facility would include an approximately 4600 square foot metal building for crude and distillate cannabis oil manufacturing and an ancillary one-story

office/ADU building. The manufacturing portion of the building would be approximately 3400 sq ft and would include full-service oil manufacturing converting biomass to crude oil, refining to high end sauce and distillate with a focus on pens and concentrates extracts. The balance of the facility would handle final packaging, secure storage and distribution area dedicated to its own products.

- Known Issues: Potential conflict with residential estate uses in the AP zoning District on Riverside Road and the “distribution” component of the micro business. Distribution of cannabis is reserved for the Industrial Districts by County Code, yet AP districts allow for the cultivation of agricultural products, all of which need to leave property and be “distributed” in some sense.
 - *Application is under review and Agency comments and conditions are being collected through November 15, 2020.*
 - *Application Assigned to Michael Kelly November 3, 2020 as the dedicated Planner.*
 - *Code consistency and environmental review to commence. Planning Division should be soon able to forecast a hearing review date before the PC, but such a speculation at this time would not be grounded in fact.*
 - *County Taxes that could be collected:*
 - *Distribution: 4.0% on gross annual receipts*
 - *Manufacturing: 4.0% on gross receipts*
- **CC Campus, LLC.** On September 4, 2020, Joseph Nguyen and Anne Hall submitted a preliminary review application for Interagency Review Committee consideration September 24, 2020.
 - Project Name and File Number: CC Campus (Joseph Nguyen) PLN200042
 - Project Location: 3000, 3006 and 3010 San Felipe Rd., Hollister. APN: 014-090-016, 053, 058.
 - Applicant: Joseph Nguyen and Representative: San Benito Engineering, Anne Hall
 - Description: Preliminary review for six one-acre sized cannabis cultivation greenhouses and an office adjacent to the Hollister Municipal Airport, on Prime Farmland Grade-1 soils. Water service by well. 1000 cy yds grading; (500 cut, 500 fill). The site is presently being farmed and maintains two residential structures.
 - No Formal Application has been Made

So, broadly...

- The Stoney Farms application is the first Cannabis use permit to be formally made in SBC and we are in process. It is not “hand -in-glove” consistent with our Cannabis ordinances but may be acceptable to the PC and County. The site is more in a 5-acre lot neighborhood and has adjacency issues with Brigantino Park (needs a 1,000 ft setback but is much closer). The intensity of the “distribution” component needs to be clear. No on-site cultivation presently presented.
- CC Campus. While reviewed in a preliminary capacity, the applicant **has not** submitted formally. Project would be reliant on City of Hollister water and sewer and city community development director has stated that the property would need to be annexed to the city jurisdiction to receive those utility services.

- **Unless negotiated well in a tax sharing agreement should the property be annexed into the City, the County of San Benito will lose future revenue from taxation on the cannabis crop (and property taxes as well).**
 - **Six one-acre greenhouses = approximately 261,360 square feet. County Tax minimum is \$3.00 per square foot of greenhouse, ranging to \$17.00 per square foot of greenhouse. County 's present tax on cultivation is \$5.00 sf.**
 - **Potential Tax revenue on cultivation alone if property stays within County = \$1,306,800 annually**
 - **Manufacturing is also taxed, as well as distribution.**
 - *Distribution: 4.0% on gross annual receipts*
 - *Manufacturing: 4.0% on gross receipts*

During *Department Announcements* on the November 18, 2020 Planning Commission meeting, I will present this update, and anything that transpires in the next two weeks

Thank you,

Taven M. Kinison Brown, Principal County Planner
San Benito County Resource Management Agency