

COUNTY OF SAN MATEO, PLANNING AND BUILDING DEPARTMENT

**NOTICE OF INTENT TO ADOPT  
MITIGATED NEGATIVE DECLARATION**

A notice, pursuant to the California Environmental Quality Act of 1970, as amended (Public Resources Code 21,000, et seq.), that the following project: 4525 Cloverdale Road Cannabis Cultivation License Applications, when adopted and implemented, will not have a significant impact on the environment.

FILE NOs.: MNA 2018-00028, MNA 2018-00029 and MNA 2018-00030

OWNER: Oku Inc.

APPLICANTS:

MNA 2018-00028	MNA 2018-00029	MNA 2018-00030
CaliDutch, Inc.	KloneCo, Inc.	ONO Associates
2801 Atadero Court	88 Tully Road, Suite 114	4525 Cloverdale Road
Carlsbad, CA 92009	San Jose, CA 95111	Pescadero, CA 94060

ASSESSOR'S PARCEL NO.: 086-061-090 (27.35 acres)

LOCATION: 4525 Cloverdale Road, Pescadero

**PROJECT DESCRIPTION**

The Project consists of three proposed commercial cannabis operations for three separate growers (CaliDutch Inc., KloneCo Inc., and Ono Associates) on one project site, Oku Flower Farm.

**Project Background**

Established in the early 1900's, Oku Flower Farm (Oku Farms) is located on a 27.35-acre parcel, consists of a hydroponic vegetable growing and ornamental cut flower agricultural operation, and contains approximately 45 greenhouses, eight farm labor housing units, and associated storage buildings located throughout the property. Oku Farms has ceased utilizing several of the existing greenhouses and currently has 185,000 sq. ft. of vacant greenhouse space. The applicants have proposed to operate three separate cannabis growing operations within the vacant greenhouse space. Associated roadways, parking areas, bathroom facilities, irrigation systems, and other related infrastructure are already present on-site, as the empty greenhouses have historically been used to grow ornamental flowers. The proposed cannabis operations would not remove, displace, or hinder existing agricultural activities on-site.

**Project Description**

**CaliDutch Inc.**

The CaliDutch operation proposes to lease an existing 55,650 sq. ft. greenhouse, of which 52,000 sq. ft. of the structure would be utilized to cultivate cannabis. The operation would require 5 – 12 employees, involve the cultivation of up to 20,000 plants of varying life stages (i.e., young, juvenile, and adult plants), and would require minor renovations to the existing structure to include new exterior siding, doors, the installation of security features (i.e., exterior lighting and cameras), new ventilation systems, and interior light deprivation curtains. CaliDutch has applied for three County cannabis licenses as outlined below.

License Type	State License Number	Canopy Size
Nursery	LCA19-0003883	22,000 sq. ft.
Cultivation, Small Mixed Light	LCA19-0003884	10,000 sq. ft.
Cultivation, Small Mixed Light	LCA19-0003885	10,000 sq. ft.

*KloneCo Inc.*

KloneCo Inc. has proposed to lease an existing 55,120 sq. ft. greenhouse to operate a cannabis nursery. The facility would house 30,000 sq. ft. of “mother plants” (i.e., plants used to make clones) and 10,000 sq. ft. of clone propagation plants. The KloneCo operation proposes up to six employees and includes the addition of a 500 sq. ft. office trailer, installation of security fencing, exterior lights and cameras for security, interior lights for supplemental lighting, installation of blackout curtains, and additional bathroom facility with associated new waterlines and septic system, and general renovations to include: replacement of glass windows, adding diving walls, and upgrades to the existing ventilation/air circulation system. KloneCo Inc. has applied for one County cannabis license as identified below:

License Type	State License Number	Canopy Size
Nursery	LCA19-0003129	40,000 sq. ft.

*Ono Associates*

Ono Associates has proposed to lease an existing 53,000 sq. ft. greenhouse to ultimately cultivate approximately 52,000 sq. ft. of cannabis. However, as of the date of this report, Ono Associates has only applied for and received one state provisional license to cultivate up to 22,000 sq. ft. of cannabis. Ono Associates intends to apply for three 10,000 sq. ft. small mixed light licenses in the near future to bring total cultivation to 52,000 sq. ft. For the purposes of this document, environmental evaluation will be conducted on the maximum proposed project of 52,000 sq. ft. of cultivation (operation). Prior to the expansion of facilities beyond 22,000 sq. ft. of cannabis, Ono Associates will be required to apply for additional cannabis licenses from the State and County.

The operation proposes up to six employees and includes the installation of security fencing, exterior lights and cameras for security, interior lights for supplemental lighting, interior blackout curtains, modifications to the existing ventilation system, and the installation of three new exterior fire hydrants and associated piping infrastructure to connect to an existing 3.3 million gallon (10 acre-feet) agricultural pond for fire suppression purposes. Ono Associates has applied for one County cannabis license as identified below:

License Type	State License Number	Canopy Size
Cultivation, Medium Mixed Light	LCA19-0005102	22,000 sq. ft.
<i>Potential Future Licenses</i>		
<i>Cultivation, Small Mixed Light</i>	<i>n/a</i>	<i>10,000 sq. ft.</i>
<i>Cultivation, Small Mixed Light</i>	<i>n/a</i>	<i>10,000 sq. ft.</i>
<i>Cultivation, Small Mixed Light</i>	<i>n/a</i>	<i>10,000 sq. ft.</i>

**Parcel Water Rights**

Butano Creek (Creek) is the primary source of water for Oku Farms. Oku Farms has existing water rights (see table below) to the Creek that permits a diversion of up to 40 acre-feet of water per year, and the utilization of two large agricultural ponds (sized at 10 and 30 acre-feet respectively) located north of the project parcel. Oku Farms has two in-stream points of water diversion and no alteration to these structures are proposed. A new California Department of Fish and Wildlife (CDFW) Lake and Streambed Alteration Agreement (LSAA) to evaluate the proposed cannabis operations on-site is pending approval from CDFW (Permit No. EPIMS-06735-R3). Diversion under the proposed LSAA is confined to December 1 to April 1 of each year. During this period, a minimum in-stream bypass flow rate of 3 cubic feet per second (cfs) of water is required by the LSAA before diversion activities occur.

State Water Resources Control Board - Parcel Water Rights			
Permit Number	License Number	Source	Amount Per Annum
11364	7140	Butano Creek	40 acre-feet

Water calculations were provided by the applicants to illustrate that the total annual water diversion for the cannabis operations and other agricultural operations on-site would not exceed the allowable water diversion authorized under the existing State license and water diversions historically conducted by Oku Farms. Two existing agricultural ponds containing approximately 40 acre-feet of water in addition to the water rights of 40 acre-feet to serve the site. Total water usage from the three cannabis operators is not expected to cause Oku Farms to exceed their maximum allowed water usage of 40 acre-feet per year accounting for both the banked water in the agricultural ponds and water diverted from Butano Creek.

Expected Water Usage	
User	Approximate Water Usage Per Annum
CaliDutch Inc.	11.5 acre-feet
KloneCo Inc.	8.96 acre-feet
Ono Associates	9.62 acre-feet
Other Agricultural Practices On-site	10 acre-feet

**Parcel Energy**

Documentation from Oku Farms verifies that the property has enrolled in Peninsula Clean Energy’s Eco100 clean energy program and provides electricity from 100% renewable

resources. In addition, the applicants have stated that they intend to utilize energy efficient LED lights to reduce their energy costs and meet the County's energy requirements.

### FINDINGS AND BASIS FOR A NEGATIVE DECLARATION

The Current Planning Section has reviewed the initial study for the project and, based upon substantial evidence in the record, finds that:

1. The project will not adversely affect water or air quality or increase noise levels substantially.
2. The project will not have adverse impacts on the flora or fauna of the area.
3. The project will not degrade the aesthetic quality of the area.
4. The project will not have adverse impacts on traffic or land use.
5. In addition, the project will not:
  - a. Create impacts which have the potential to degrade the quality of the environment.
  - b. Create impacts which achieve short-term to the disadvantage of long-term environmental goals.
  - c. Create impacts for a project which are individually limited, but cumulatively considerable.
  - d. Create environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly.

The County of San Mateo has, therefore, determined that the environmental impact of the project is insignificant.

MITIGATION MEASURES included in the project to avoid potentially significant effects:

**Mitigation Measure 1:** Pollutant Control – The applicant shall require construction contractors to implement all the Bay Area Air Quality Management District's Basic Construction Mitigation Measures, listed below:

- a. Water all active construction areas at least twice daily.
- b. Apply water two times daily, or apply (non-toxic) soil stabilizers on all unpaved access roads, parking, and staging areas at construction sites. Also, hydroseed or apply non-toxic soil stabilizers to inactive construction areas.
- c. Sweep daily all paved adjacent public streets daily (preferably with water sweepers) if visible soil material is carried onto them.
- d. Limit traffic speeds on unpaved roads within the project parcel to 15 miles per hour.

- e. All construction equipment shall be maintained and properly tuned in accordance with manufacturers' specifications. All equipment shall be checked by a certified mechanic and determined to be running in proper condition prior to operation.
- f. Idling times shall be minimized either by shutting equipment off when not in use or reducing the maximum idling time to 5 minutes (as required by the California Airborne Toxics Control Measure Title 13, Section 2485, of the California Code of Regulations [CCR]). Clear signage shall be provided for construction workers at all access points.
- g. Enclose, cover, water twice daily, or apply non-toxic soil binders to exposed stockpiles (dirt, sand etc.) that can be blown by the wind.
- h. Replant vegetation in disturbed areas as quickly as possible.
- l. Install erosion control measures to prevent silt runoff to public roadway and/or into Butano Creek.
- j. All haul trucks transporting soil, sand, or other loose material on and off site shall be covered.
- k. Roadways and building pads shall be laid as soon as possible after grading unless seeding or soil binders are used.
- l. A publicly visible sign with the telephone number and person to contact at the project site regarding dust complaints shall be posted. This person shall respond and take corrective action within 48 hours. The Air District's phone number shall also be visible to ensure compliance with applicable regulations.

**Mitigation Measure 2:** Odor Control -- Prior to the issuance of the requested Type 2B or 3B (Mixed Light, Cultivation) licenses, the applicants (CaliDutch and Ono Associates) shall apply for building permits to install charcoal filter air-scrubber systems within all buildings that will contain flowering cannabis plants or their product. This includes the greenhouses and the drying and processing buildings. The applicant shall also submit a maintenance plan for the air-scrubber systems (which includes record keeping) for review and approval prior to issuance of the requested licenses.

**Mitigation Measure 3:** Avoidance and Minimization Measures – The applicant shall adhere to the Avoidance and Minimization Measures contained within proposed Lake and Streambed Alteration Agreement to be issued to Oku Farms by the California Department of Fish and Wildlife.

- a. The season of diversion shall be limited from December 1 to April 1 of each year. From April 2 to November 30 , all water shall be allowed to pass the point(s) of diversion.
- b. The applicant shall maintain a protection bypass flow at all times while the diversion is operating. No water shall be diverted until at least 3 cfs is allowed to bypass the existing point(s) of diversion. If a diversion event causes the stream to drop below 3 cfs as measured by installed stream gauges, diversions shall cease. Diversion

events may resume once the stream has reached a flow greater than 3 cfs and bypass flows continue to be met.

- c. The applicant shall install a meter/device capable of measuring the quantity of water diverted from the point(s) of diversion. The meter shall be designed to record the cumulative diversion amounts and measurement shall begin as soon as the LSAA is approved by CDFW.
- d. A stream gauge device shall remain installed each year and maintained in working order during the diversion season.
- e. Diversion structure(s) inlets and outlets and flow bypass pipe(s) shall be fitted with fish screens meeting the "fry-size" criteria of CDFW and the National Marine Fisheries Service before water is impounded or diverted. These screens shall be maintained and kept clean and free of accumulated debris.
- f. Work within the stream channel may be subject to a LSAA and shall be confined to the period of June 1 through October 31.
- g. Regular inspections of the diversion point(s) and storage infrastructure shall be made to identify any leaks or water supply inefficiencies to prevent water loss. All leaks identified during inspections shall be repaired in a timely manner.
- h. Project infrastructure shall not prevent, impeded or prevent the passage of fish and/or other aquatic wildlife up or down stream.
- i. Migratory nongame native bird species are protected under the Federal Migratory Bird Treaty Act of 1980. California Fish and Game Code prohibits the take of all birds and their active nests.
- j. The Applicant shall not disturb trees that contain active bird nests without prior consultation and approval of CDFW.
- k. Any substance used to control or restrict plants, animals, insects, fungus, or bacteria and/or surfactants shall not be used or applied where they could enter the riparian buffer area or waters of the state.
- l. No debris, soil, silt, sand, bark, slash, sawdust, rubbish, construction waste, cement or concrete or washings thereof, asphalt, paint, oil or other petroleum products or any other substances which could be hazardous to aquatic life, or other project related materials shall be allowed to contaminate the soil and/or placed where it may be washed by rainfall or runoff into waters of the state.
- j. The Applicant shall submit an annual statement of water use to the State Water Resource Control Board when exercising its water right. For each year that the pending LSAA is valid the applicant shall submit a copy of the report to the CDFW.
- k. For each year that the pending LSAA is valid, the applicant shall submit to CDFW a Compliance and Effectiveness Monitoring Plan. This report shall include: a summary of flow data collected, summary of dates when water was diverted, the total volume of water diverted, a table and graph of the upstream gage, summary and photo documentation of the bypass flow area(s), and a description of possible additional

measures that could achieve resource goals if the observed flows are not meeting the criteria outlined in the plan.

**Mitigation Measure 4:** In the event that archaeological resources are inadvertently discovered during construction, work in the immediate vicinity (within 50 feet) of the find must stop until a qualified archaeologist can evaluate the significance of the find. Construction activities may continue in other areas beyond the 50-foot stop work area. A qualified archaeologist is defined as someone who meets the Secretary of the Interior's Professional Qualifications Standards in archaeology. The Current Planning Section shall be notified of such findings, and no additional work shall be done in the stop work area until the archaeologist has recommended appropriate measures, and those measures have been approved by the Current Planning Section and implemented.

**Mitigation Measure 5:** If a newly discovered resource is, or is suspected to be, Native American in origin, the resource shall be treated as a significant Tribal Cultural Resource, pursuant to Public Resources Code 21074, until the County has determined otherwise with the consultation of a qualified archaeologist and local tribal representative.

**Mitigation Measure 6:** Prior to the issuance of the building permit for the proposed site improvements (i.e. waterline and fire hydrant installation, renovations to the greenhouse structures, and installation of the office trailer and storage shed), the applicants shall submit an erosion control plan in compliance with the County's General Erosion and Sediment Control Plan Guidelines Checklist for review and approval.

**Mitigation Measure 7:** Applicants shall provide proof of a valid WDID number issued by the SWRCB prior to the issuance of a County issued cannabis license.

**Mitigation Measure 8:** Noise sources associated with demolition, construction, repair, remodeling, or grading of any real property shall be limited to the hours from 7:00 a.m. to 6:00 p.m. weekdays and 9:00 a.m. to 5:00 p.m. Saturdays. Said activities are prohibited on Sundays, Thanksgiving and Christmas (San Mateo Ordinance Code Section 4.88.360).

**Mitigation Measure 9:** Should any traditionally or culturally affiliated Native American tribe respond to the County's project referral and requests formal consultation, such a process shall be completed and any resulting agreed upon measures for avoidance and preservation of identified resources be taken prior to implementation of the project.

**Mitigation Measure 10:** In the event that tribal cultural resources are inadvertently discovered during project implementation, all work shall stop until a qualified professional can evaluate the find and recommend appropriate measures to avoid and preserve the resource in place, or minimize adverse impacts to the resource, and those measures shall be approved by the Current Planning Section prior to implementation and continuing any work associated with the project.

**Mitigation Measure 11:** Any inadvertently discovered tribal cultural resources shall be treated with culturally appropriate dignity taking into account the tribal cultural values and meaning of the resource, including, but not limited to, protecting the cultural character and integrity of the resource, protecting the traditional use of the resource, and protecting the confidentiality of the resource. See discussion under Sections 5.c and 18.a.

## **RESPONSIBLE AGENCY CONSULTATION**

San Mateo County Building Inspection Section  
San Mateo County Department of Environmental Health  
California Department of Fish and Wildlife – Region 3  
State Water Resources Control Board – Water Quality & Water Rights  
Bay Area Air Quality Management District  
Native American Heritage Commission  
California Coastal Commission

### INITIAL STUDY

The San Mateo County Current Planning Section has reviewed the Environmental Evaluation of this project and has found that the probable environmental impacts are insignificant. A copy of the initial study is attached.

REVIEW PERIOD: February 27, 2020 – March 27, 2020

All comments regarding the correctness, completeness, or adequacy of this Negative Declaration must be received by the County Planning and Building Department, 455 County Center, Second Floor, Redwood City, no later than **5:00 p.m., March 27, 2020**.

### CONTACT PERSON

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*Laura Richstone*

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