



**STAFF REPORT  
HOLLISTER CITY COUNCIL  
MEETING DATE: June 9, 2025  
REPORT # Community Development-2025-32**

**AGENDA ITEM: DISCUSSION REGARDING A CANNABIS REGULATORY PERMIT FOR FAULTLINE MANUFACTURING AT 1785 SAN FELIPE ROAD**

**DEPARTMENT:** Community Development  
**DEPARTMENT HEAD:** Rod Powell, Assistant City Manager  
**STAFF CONTACT:** Maria C Mendez, Cannabis Affairs Manager

**RECOMMENDED ACTION:** Review the request for renewal, and provide direction to staff to return at a later meeting to either approve or deny the Cannabis Regulatory Permit for Faultline Manufacturing for the 2025- 2026 term.

**DISCUSSION:**

On June 18, 2018, the City Council approved Resolution 2018-0156, granting Faultline Manufacturing a Cannabis Regulatory Permit to operate a cannabis manufacturing facility with the City of Hollister. Since the initial permit approval, Faultline diligently sought and received annual permit renewal from the City Council, but its most recent permit renewal expired on March 19, 2025, due to emerging code violations at its identified location and the City's need to consult with the applicant, property owner, City Attorney, and other Departments and Divisions on determining a viable path forward for obtaining a desired renewal. Additionally, to date and over the course of several annual permit renewals, Faultline Manufacturing has yet to fully improve its permitted site to enable it to become an operational, revenue generating cannabis business.

There are currently no limitations as to the number of manufacturing cannabis regulatory permits. Pursuant to Section 5.42.050 of the Hollister Municipal Code (HMC), all cannabis regulatory permits are subject to renewal by the City Council. The City Council may approve or deny approval of a regulatory permit upon making any of the findings as required under HMC, § 5.42.070 (A).

Staff Analysis and Findings

In evaluating the proposed renewal, the City's ordinance requires the City Council to make specific findings when considering the denial of a Cannabis Regulatory Permit application. Per prior direction from Council, staff have consulted with various City Departments and Divisions and the following potential findings have been identified for the Council's consideration:

- Until its recent expiration, Faultline had possessed its current Cannabis Regulatory Permit since the inception of the City's Cannabis Program in 2018. Although it has diligently obtained annual renewals of the permit it has yet to achieve an operational, revenue generating status. In this regard, Faultline's continued non-operation has correspondingly resulted in no associated revenues for the City.
- Faultline's current location will be shared with two other cannabis regulatory permit

holders, a proposed dispensary owned by Monterey Bay Alternative Medicine Hollister Inc. and a cultivation operation proposed by L Plus L LLC. The owner of the property has expressed an intent to obtain necessary approvals from the City to create multiple units from the existing structures, but has yet to submit a complete project proposal and application to allow for Planning Commission consideration.

- Faultline’s current location at 1785 San Felipe Road remains largely unimproved and is currently subject to multiple code violations related to unpermitted construction, specifically:
  - Violation of Section 105.1 of the California Building Code (CBC): This section mandates that a valid permit is required for any construction, alteration, or repair work.
  - Violation of Section 8.32.060 of the Hollister Municipal Code: This section prohibits unpermitted or non-code-compliant activities.
  - Violation of Section 5.42.070(a)(4) of the Hollister Municipal Code: This section stipulates that a cannabis facility or its proposed location shall not be in violation of any building code.

Approval Considerations / Conditions of Approval:

Should the Council move to renew Faultline Manufacturing regulatory permit application, staff are requesting that the Council consider the incorporation of conditions of approval. Recommended conditions of approval include, but are not limited to, the following:

- Operations of the permitted manufacturing facility shall commence within one (1) year of the date of Council approval of the Cannabis Regulatory Permit renewal.
- All existing code violations at the new location of 1785 San Felipe Road shall be brought into compliance with provisions of both the City of Hollister Municipal Code and California Building Code no later than December 4, 2025.
- Approval of the Cannabis Regulatory Permit shall be revocable for cause in accordance with Section 5.42.120 of the Hollister Municipal Code.
- Any applicable land use and/or construction-related activities or tenant improvements to the property shall adhere to the applicable requirements set forth in both the City of Hollister Municipal Code and California Building Code.
- All fees and taxes associated with operations of the permitted dispensary shall be paid in full and on time as prescribed by the City of Hollister and the State of California.

In consideration of the above information and anticipated discussion, it is staff’s intent to first seek Council direction to approve or deny Faultline Manufacturing’s application based upon findings and return with a corresponding final resolution for consent consideration at its June 16, 2025, regular meeting.

**FISCAL IMPACT:**

Faultline Manufacturing remains non-operational since its initial permit approval in 2018 resulting in no associated revenues for the City of Hollister.

**PREVIOUS COUNCIL OR COMMISSION ACTION:**

The City Council last considered and renewed Faultline Manufacturing’s regulatory permit on February 5<sup>th</sup>, 2024 (Resolution 2024-06).

**CEQA:** Categorical Exemption – Existing Facilities (Class 1)

The project is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15301, Class 1 – Existing Facilities. The project involves the renewal of a regulatory permit for an existing business relocating to a previously developed commercial site with no expansion of use or significant alterations. The proposed activity does not involve any expansion of the existing or former use and will not result in any significant environmental impacts.

**ATTACHMENTS:**

Regulatory Permit Application

Photo 1 – 1785 San Felipe Road

Photo 2 – 1785 San Felipe Road

Photo 3 – 1785 San Felipe Road