

FXL, INC.  
CONDITIONAL USE PERMIT APPLICATION CANNABIS -  
MANUFACTURING - LEVEL 2 (TYPE 7)  
CANNABIS - DISTRIBUTION (TYPE 11)

FXL, INC.  
3415 INDUSTRIAL DRIVE, SANTA ROSA, CA, 95403  
APN: 015-650-023  
Filed April 22, 2019  
Updated September 25, 2019



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FXL, Inc., a locally operated cannabis company producing quality cannabis product, seeks a Conditional Use Permit to build-out and operate a commercial cannabis Manufacturing Level 2 (volatile, State License Type 7) and Distribution facility (State License Type 11) within an existing 6,000 square foot building at 3415 Industrial Drive, Santa Rosa, California. The interior of the building will be renovated to accommodate the proposed use. No changes are proposed to the existing building elevations.

On November 27, 2018, The City of Santa Rosa approved Zoning Clearance ZC18-0382 to allow the use of this 6,000 square foot facility at 3415 Industrial Drive for Industrial - Cannabis - Manufacturing Level 1 (Non-volatile) and Industrial - Cannabis - Distribution. The Zoning Clearance permitted the occupancy of the approximately 6,000 square foot existing building with 2,911 sq. ft. of Cannabis Distribution (Type 11) and 3,089 sq. ft. of Cannabis Non-Volatile Manufacturing (Type 6.) The approval found that the application “meets current zoning requirements and use permit is not required.”

This Conditional Use Permit application seeks Planning Commission approval to allow on-site manufacturing to be modified from the approved extraction method using a non-volatile solvent or mechanical method (such as ethanal, carbon dioxide, water or oil) to an extraction method using volatile solvents (such as butane.) The Conditional Use Permit would allow 2,523 square feet of the building to be used for Type 7 (volatile) manufacturing, instead of for the previously approved Type 6 (nonvolatile) manufacturing. The remaining 3,477 square feet of the building would continue to be used for distribution use consistent with the prior City Zoning Clearance.

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## NEIGHBORHOOD AND EXISTING USE

The project site is .33 acres in size and developed with an existing 6,000 square foot, single-story building and a parking lot for 14 vehicles. The building was previously occupied by Auto Japan, an auto repair shop performing major repair/body work and is presently unoccupied. The City of Santa Rosa has approved a Zoning Clearance for a manufacturing/distribution use of the same square footage and intensity in this building, but using non-volatile solvents in its extraction process.

This neighborhood and site provide an ideal setting for this type of use. The property is located within an area of comparable industrial uses. There are no residential uses or other sensitive receptors in the area. Because no residential uses are located within close proximity of this proposal, the City of Santa Rosa did not hold a neighborhood meeting on this application. The project will be compatible with existing land uses in the neighborhood.

## PROPOSED USE

FXL, Inc. will continue to use a portion of the existing building for Type 11 distribution, as approved

under City of Santa Zoning Clearance, with 3,477 square feet of distribution use proposed. This 3,477 square feet includes a shipping and receiving area, corridor, distribution warehouse area, office, break room, restroom and security vault.

2,523 square feet of the existing building is proposed for Type 7 volatile manufacturing space. This will include 2,113 square feet of Type 7 manufacturing space--consisting of a 323 square foot hydro-carbon extraction room, a 147 square foot utility room, a 470 square foot ethanol extraction and post processing room, a 264 square foot distillation room, 81 square feet of ethanol storage, a 240 square foot vacuum oven room and a 479 square foot laboratory. It will also include a 519 square foot packaging and storage room.

There are no exterior modifications proposed to the existing building facade. Consistent with building and fire code regulations, two chillers, a compressor, an evaporator and hydrocarbon storage will be located to the north and rear of the building (see attached floor plan.)

The project will include all activities permitted by a commercial cannabis Manufacturing Level 2 license including, but not limited to: receiving raw bulk dried materials; light manufacturing and processing of bulk materials; packaging/re-packaging (sorting, grading, quality control, labeling/re-labeling, packaging/repackaging), inventory controls, internal testing for quality control, research and development, manufacturing of cannabis oils, products and compounds using volatile and non-volatile extraction, post-processing refining of cannabis oils, pesticide remediation, storage of raw materials and manufactured products, production and/or infusion of cannabis oil into cannabis products, and other storage accessory to the use.

The facility will be open 24-hours a day, 7 days a week. The number of employees per shift will vary, with a maximum of 10 employees per shift. The building will be used for manufacturing and distribution uses only and there will be no retail use on-site.

## TRAFFIC AND PARKING

As previously discussed, this 6,000 sq. ft. building has historically been used as a Light Industrial Use - Vehicle Services - Major Repair and Body Work. The proposed facility would likewise be used as Light Industrial Use within the existing 6,000 sq. ft. building. No building expansion is proposed for the site. Therefore, with the continuation of a Light Industrial use at this site, trip generation for the most recent land use (auto repair) and the proposed land use should be unchanged. With a maximum of 10 employees per shift and no retail customers at the site, actual traffic associated with this use will be low.

The project site provides 14 dedicated parking spaces, including one A.D.A accessible parking space. The building will not be open to the public and will have adequate parking spaces to accommodate all employee vehicles and delivery vehicles (see Attachment C Site Plan.)

The project will meet and exceed City Zoning Ordinance parking requirements as follows:

Manufacturing: 2,523 square feet @1:350 = 7.2 spaces  
Distribution: 3,477 square feet @ 1: 1000 = 3.5 spaces  
Total required parking spaced = 11 spaces

Eleven parking spaces are required on-site and 14 spaces are provided on-site exceeding City parking requirements.

Compliant with City requirements, the project will provide at least one (1) on-site bicycle parking space.

## HOURS OF OPERATION

The facility will operate twenty-four hours a day, seven days a week, with distribution activities taking place primarily between 6:00 AM and 11:00 PM. The site is located within an industrial area with no residential uses or sensitive receptors proximate to the facility, so the proposed hours of operation should not create any land use conflicts or impacts. As previously discussed, ample on-site parking is available for both employee and distribution uses.

## ZONING AND GENERAL PLAN CONSISTENCY

The parcel is zoned Light Industrial (IL.) As previously discussed, the City of Santa Rosa Planning and Economic Development Department issued a Zoning Clearance for the proposed use of the property for Industrial - Cannabis - Distribution and Industrial - Cannabis - Manufacturing Level 1 (Non-volatile) on November 27, 2018. The approval found that the proposal met all current Zoning requirements. The proposed on-site distribution is unchanged in use from the prior approval and will continue to comply with all Zoning Code requirements. The proposed change in manufacturing use from Type 1 to Type 2 will meet all City Building and Fire Code requirements and all Zoning Code requirements for Type 2 manufacturing.

The parcel has a General Plan designation of Light Industry. The proposed light industrial manufacturing use and distribution is consistent with this designation. Additionally, the project is consistent with General Plan goals, policies and objectives, including the following:

### **LUL-K Protect industrial land supply and ensure compatibility between industrial development and surrounding development**

#### **EV-A Maintain a positive business climate in the community**

EV-A-1 Continue to promote Santa Rosa as the North Bay's premier location for technology, clean/green technologies, and entrepreneurial businesses, which create new products and business models that will attract national and international markets.

EV-A-5 Maintain diversity in the types of jobs available in Santa Rosa to lessen the impact of economic cycles.

**EV-D Maintain the economic vitality of the downtown, business parks, offices and industrial areas.**

EV-D-2 Maintain space in business parks for distribution and research needs. Attract a wide range of industries which serve local and regional needs and contribute to the community’s economic vitality, and at the same time protect the local environment and quality of life.

LICENSING COMPLIANCE

Dual licensing:

FXL, Inc. will diligently pursue and obtain a State cannabis Type 7 license and will comply with all applicable State licensing requirements and conditions, including, but not limited to, operational standards and locational criteria.

Separation of License Types:

FXL, Inc. is the only applicant occupying 3415 Industrial Drive. They have obtained through a City Zoning Clearance, Type 11 distribution licensing and Type 6 manufacturing licensing, which would be replaced by Type 7 licensing. FXL, Inc. will maintain a clear separation between all license types at this facility. Each license type will adhere to all local and State requirements and will only be accessible by authorized personnel or vendors.

MANUFACTURING OPERATIONS

FXL, Inc. is proposing to operate a 2,523 square foot Type 7 Volatile Extraction Level 2 facility within the existing 6,000 square foot building at 3415 Industrial Drive.

This will include 2,113 square feet of Type 7 manufacturing space--consisting of a 323 square foot hydro-carbon extraction room, a 147 square foot utility room, a 470 square foot ethanol extraction and post processing room, a 264 square foot distillation room, 81 square feet of ethanol storage, a 240 square foot vacuum oven room and a 479 square foot laboratory. It will also include a 519 square foot packaging and storage room. The manufacturing process is described below.

## COMMERCIAL CANNABIS MANUFACTURING

The extraction process begins with the loading of the biomass/source material into either a pre-chilled extraction column or pre-packed mesh sleeve in an extraction column. Once loading is complete, the top cap on the extraction column is secured with a tri clamp to ensure an even seal to prevent leakage. The vacuum is then pulled to remove any atmosphere gases in the material column and to make room for the butane gases. After the vacuum, all the gauges are checked to ensure there are no vacuum leaks. Liquid gas (butane/propane) is then pumped through the extraction column.

Approximately 12-14 lbs. of liquid gas (butane/propane at a 70:30 mixture) are needed for each column. Once enough butane/propane is pumped, the liquid gas inlet is closed to soak the biomass with liquid gas for 3-5 minutes. The valve on the bottom of the extraction vessel is then opened to allow the solvent to flow into the collection vessel. Solvent that flows into the collection vessel can be seen through sight glass located on top of the collector. The liquid gas along with plant extract is collected in the collecting vessel. The liquid gas inlet is then turned off and the collecting of liquid gas back into the operating tank occurs by heating the collection vessel using the Haskel pump. Once the extraction is complete, all the oil has collected into the removable vessel at the bottom of the collector vessel. From this vessel, the extraction is transferred into a clean vessel then placed on a table inside a flow hood to offgas any remaining solvent and then post processed according to the required end products.

With the cannabis industry rapidly developing manufacturing methods, the use of solvents and machinery used will likely change overtime. For now, FXL, Inc. anticipates potentially using the following:

Solvent	Use	Amount
propane	Extraction of cannabis oil	90 lbs.
n-butane	Extraction of cannabis oil	210 lbs.
iso-butane	Extraction of cannabis oil	0 lbs.
ethanol	Extraction and post-processing of cannabis concentrated oil.	25 lbs.
heptane	Cleaning and washing of the raw cannabis materials, extraction, post-processing, research and development, and potentially for pesticide remediation.	5 gallons

No closed loop systems will be utilized without prior inspection and approval from the City's Building Official and Fire Department.

FXL, Inc. will ensure that all extraction equipment to be used has been listed or otherwise certified by an approved third-party testing agency or licensed professional engineer and approved for the intended use by the City's Building Official and Fire Department. Please find proof of UL listing and specifications for the Type 7 Manufacturing equipment in Attachment H.

FXL, Inc. is not proposing producing edibles or a commercial kitchen at this facility. If this changes,

they will comply with all local and State regulations regarding edibles.

## HAZARDOUS MATERIALS

Hazardous materials on site for the proposed manufacturing activities may include: hexane, heptane, butane, pentane, ethanol, isopropyl alcohol, CO<sub>2</sub>, acetone, and bleach. All hazardous materials will be used, stored and disposed of according to State and local rules, including applicable Health and Safety Code and California Fire Code requirements related to the storage, use and handling of hazardous materials and the generation of hazardous waste. The Applicant will obtain all required Certified Unified Program Agency (CUPA) permits including completing a California Environmental Reporting System (CERS) submission for hazardous materials inventory. As required for State licensing, the Applicant will develop operating procedures for the use, storage, disposal of hazardous materials for manufacturing activities. Chemicals used in the manufacturing process are limited to the following organic solvents: Ethanol, butane, propane, isopropyl alcohol, hexane, heptane, pentane and Acetone.

## BUILDING AND FIRE CODES

FXL, Inc. will work closely with the Building and Fire Departments to ensure that the proposed project is safe and will comply with all applicable fire and building codes. In addition, the applicant will complete and submit the required Hazardous Materials Management Plans to the City of Santa Rosa via the State of California Electronic Reporting System (CERS) and Certified Unified Program Agency (CUPA) which will disclose the site information, hazardous materials inventory, site map, contingency plan and an employee training plan as required by the California Health and Safety Code.

The facility will feature fire suppression, air quality/ventilation, and alarm systems, which will be maintained in good working order. Additionally, the Applicant will implement fire and safety controls that include but are not limited to engineering controls, safe work practices, administrative controls and OSHA hazardous prevention and controls.

All employees will receive training on fire and safety systems and procedures. FXL, Inc. will install a Fire Department lock box for keys to gates and doors. For communication purposes with emergency service providers, the applicant will assign a facility manager as the responsible party and keep the contact information for FXL, Inc. up to date with the City.

## INVENTORY CONTROLS

FXL, Inc. will comply with and participate in the State's track and trace system and auditing

requirements. Additionally, the Applicant will track inventory closely to prevent diversion of cannabis outside the legal market. In the event of any inventory discrepancies, the Applicant will immediately notify regulators and law enforcement within the time required by State regulations.

## TRAINING AND RECORDS

Every employee will be required to participate in training to learn FXL, Inc.'s security and safety protocols as a condition of continued employment. FXL, Inc. will mandate that all employees be well-versed in all security procedures. As required by State regulations, the Applicant will maintain up-to-date on current records related to the cannabis operation. Those records will be stored in a secure manner onsite and will include a list of all current authorized employees with access to surveillance and/or alarm systems. All surveillance equipment, records and recordings will be stored in a secure area that is only accessible to Applicant's management. Finally, FXL, Inc. will update the security plan to comply with any new local or State laws and regulations for cannabis licensing on an on-going basis.

## SECURITY PLAN

FXL, Inc. will provide adequate security on the premises, including lighting and alarms, to insure the public safety and the safety of persons within the facility and to protect the premises from theft. The building will not be open to the public. Individuals entering the facility will be restricted to employees with badges, or authorized vendors who will be required to sign in before entry. Additionally, the property will be fully secured with video surveillance, alarm, and access control measures in compliance with state and local requirements. There will be procedures in place to address secure storage and waste disposal, emergency access, and transportation safety.

## LOCKS AND ACCESS CONTROLS

This facility will be closed to the public and have limited access. Building entrances will be locked and secured at all times with commercial-grade, non-residential door locks or window locks that will prevent free access into the facility as well as between restricted areas. Throughout the facility, locked doors will prevent access to various manufacturing and storage areas. Guests and inspectors will be required to sign into the facility and provide valid identification and will be accompanied by authorized personnel during their building visits.

## SURVEILLANCE

Security surveillance video cameras will be installed and maintained in good working order to provide coverage on a twenty-four-hour basis of all internal and exterior areas where cannabis is cultivated, weighed, manufactured, packaged, stored, transferred, and dispensed . The security surveillance cameras will be oriented in a manner that provides clear and certain identification of all individuals within those areas. Cameras will be active and operate under any lighting condition. Security videos will be stored for ninety (90) days.

## ALARM SYSTEM

FXL, Inc. has chosen Bay Alarm Company to install and maintain in good working condition a professionally monitored alarm system with access controls, providing instant notification of any triggering event. All signals and triggered events are monitored by the Bay Alarm Company offsite and inform the proper authorities in the case of an emergency. The alarm system will be registered with the City and have a City of Santa Rosa alarm permit. Each entry and exit will be secured with sensors for detection of unauthorized access. All security cameras will also be available for monitoring off-site by FXL, Inc. at any time via the internet portal. FXL, Inc. will provide contact information for each local onsite person who will be responsible for the use of the alarm permitting process and who is an emergency contact.

Compliant with City Code Section 6- 68. 130, FXL, Inc. will obtain an alarm permit will be obtained from the Santa Rosa Police Department prior to installing an alarm system. FXL, Inc. will keep the name and contact information of the alarm system installation and monitoring company as part of their onsite books and records.

## SECURE STORAGE AND WASTE DISPOSAL

FXL, Inc. will utilize specially-designed chemical storage cabinets for storage of all solvents, flammable and hazardous materials. These storage cabinets will only be able to be accessed by authorized employees and be kept under commercial-grade, non-residential locks. During the manufacturing process, the applicant will apply industry leading standards to containerize and transport small quantities of hazardous materials. Under US EPA rules, Applicant will be classified as a Very Small Quantity Generators (VSQGs also known as Conditionally Exempt Small Quantity Generators – CESQGs) which generate 100 kilograms or less per month of hazardous waste or one kilogram or less per month of acutely hazardous waste. This classification allows operators to transport 100 kilograms or less per month to an authorized facility. Accordingly, the Applicant will transport hazardous waste to an appropriate Solid Waste Management Authority or hire a vendor to transport and dispose of hazardous waste in accordance with rules and regulations.

All cannabis products will be stored in the interior of the building in secured areas with commercial-grade non-residential locks, that are not visible to the public. Cannabis waste will be stored in the proposed secured exterior trash enclosure. All storage and handling of hazardous materials will occur in code compliant control areas. All vendors will be pre-scheduled in advance and must present valid identification. Vendors will only be granted access to the areas required for removal of waste. All waste removal vendors will be required to document and track all waste materials removed from the site.

All cannabis waste, such as trimmings or damaged products, will be stored in a secure area and will be disposed of as required by State rules. Cannabis products and associated product waste will be stored and secured in a manner that prevents diversion, theft, loss, hazards and nuisance. All other non-cannabis waste will be stored in a secure area and disposed of by an approved waste removal vendor. As detailed above, hazardous waste will be stored and disposed of according to local and State guidelines.

## EMERGENCY ACCESS

FXL, Inc. will design all security measures to comply with the California Fire Code and the Santa Rosa Fire Department requirements. This includes as may be required, but is not limited to, provision of KNOX lock box, secured access points, proper fire turnaround and training of employees in an emergency.

## TRANSPORTATION AND SAFETY

FXL, Inc. has designed their facility to ensure secure and safe delivery access points. The deliveries will occur at the side of the premises where roll up doors allow a vehicle to pull-in to facilitate discreetly and safely. Per State regulations, all employees will be trained on proper delivery procedures, and will be required to wear badges at the facility to prohibit unauthorized individuals from accessing the delivery area.

All cameras in the delivery portion of the facility will be set up to capture the loading, unloading, and inventory procedures within and outside the facility. Cameras and alarms will be monitored frequently to ensure proper functioning and storage of security footage.

FXL, Inc. will additionally implement procedures for safe and secure transportation and delivery of cannabis, cannabis products and currency in accordance with State law.

## ODOR, LIGHT, AND NOISE CONTROL

FXL, Inc. will ensure that all odor, light, and noise controls are in line with Best Management Practices outlined by the City of Santa Rosa and in-line with the State of California regulations as detailed below.

## ODOR CONTROL

Jeff Warner, PE, with Warner Mechanical Engineering, Inc. has prepared an Odor Mitigation Plan for the project located at 3415 Industrial Drive. The project will include odor mitigation systems. Mr. Warner indicates in his September 9, 2019 letter that, “The included plan has been developed to comply with Title 20, Division 4, Chapter 20-46-050 General Operating Requirements, Paragraph ‘H’ Odor Control Requirements as set forth by the City of Santa Rosa”. The plan specifies that:

The plan has been developed based on the applicant’s proposed operational criteria as outlined in the general application. Administrative, operational and engineering controls noted are consistent with the commonly accepted best available cannabis industry-specific technologies designed to mitigate cannabis odors. Successful application of this plan will effectively mitigate cannabis odor detection outside the structure in which the proposed business is to operate.

To provide adequate air quality and prevent any odors from being detected from outside the building, FXL, Inc. will install air quality, ventilation and odor control systems consistent with the Odor Mitigation Plan. The engineering controls will include carbon filtration that utilize cartridges to filter the air throughout the facility. Maintenance plans will be implemented to ensure that the odor mitigation system remains functional and evidence that such controls are sufficient to effectively mitigate odors from all odor sources. All odor mitigation systems and plans submitted pursuant to this subsection will be consistent with accepted and best available industry-specific technologies designed to effectively mitigate cannabis odors

FXL, Inc. will insure that all odor control and air quality systems are routinely inspected and maintained in good working order. All staff will receive training on air quality and odor control systems, consistent with the Odor Mitigation Plan.

## LIGHTING PLAN

Interior and exterior lighting will utilize best management practices and technologies for reducing glare, light pollution, and light trespass onto adjacent properties and the following standards:

Exterior lighting systems will be provided for security purposes in a manner sufficient to

provide illumination and clear visibility to all outdoor areas of the premises, including all points of ingress and egress. Exterior lighting shall be stationary, fully shielded, directed away from adjacent properties and public rights of way, and of an intensity compatible with the neighborhood. All exterior lighting will all be Building Code compliant and comply with Section 20-30.080 (Outdoor Lighting.)

Light systems will be fully shielded, including adequate coverings on windows, to confine light and glare to the interior of the structure.

## NOISE CONTROL

The entire cannabis facility will comply with the City of Santa Rosa Municipal Code Chapter 17-16 regarding noise. Carbon filters located inside the facility will also decrease any potential noise produced from exhaust fans and air conditioning units. All business activities will occur within the existing building. No exterior equipment will be set up or used outside the building. No generators will be used on-site except if needed on a temporary basis due to a power outage. FXL, Inc. has engaged a professional engineer to ensure all improvements proposed for the project, including air conditioning and ventilation equipment, comply with the City's Noise ordinance, Chapter 17-16. No generators are proposed as a part of this project.

## CONCLUSION

FXL, Inc. seeks a Conditional Use Permit to construct and operate a commercial cannabis manufacturing Level 2 and a distribution facility within an existing 6,000 square foot industrial building. The proposed re-use of a former automobile repair facility will upgrade the use of the existing building, be harmonious integrated into the neighborhood and be an enhancement to this portion of the City. The project will incorporate design, building code, fire code, security, and odor measures and meet all City of Santa Rosa Zoning Code requirements and all State of California requirements. FXL, Inc. is a locally-based company and is looking forward to working with the City of Santa Rosa on this project.

<u>ATTACHMENT A</u>	Vicinity Map
<u>ATTACHMENT B</u>	Context Map
<u>ATTACHMENT C</u>	Site Plan, Elevation, and Floor Plans
<u>ATTACHMENT D</u>	Occupancy Process and Operations

ATTACHMENT E

Equipment List

ATTACHMENT F

Cannabis Odor Mitigation Plan

ATTACHMENT G

Indemnification Agreement

ATTACHMENT H

Copyright Materials Release

ATTACHMENT I

Disclosure Form

ATTACHMENT J

Stormwater Determination Worksheet