

CITY OF SANTA ROSA  
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT  
STAFF REPORT FOR PLANNING COMMISSION  
**FEBRUARY 23, 2017**

**PROJECT TITLE**

Duke Collective, Inc.,  
Commercial Cannabis Cultivation

**APPLICANT**

Duke Collective, Inc.

**ADDRESS/LOCATION**

2835 Duke Court

**PROPERTY OWNER**

Duke Capital Investors, LLC

**ASSESSOR'S PARCEL NUMBER**

043-260-004

**FILE NUMBER**

CUP16-073

**APPLICATION DATE**

October 3, 2016

**APPLICATION COMPLETION DATE**

October 3, 2016

**REQUESTED ENTITLEMENTS**

Conditional Use Permit

**FURTHER ACTIONS REQUIRED**

No further discretionary action

**PROJECT SITE ZONING**

IL (Light Industrial)

**GENERAL PLAN DESIGNATION**

Light Industry

**PROJECT PLANNER**

Amy Nicholson

**RECOMMENDATION**

Approval

CITY OF SANTA ROSA  
PLANNING COMMISSION

TO: CHAIR CISCO AND MEMBERS OF THE COMMISSION  
FROM: AMY NICHOLSON, CITY PLANNER  
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT  
SUBJECT: DUKE COLLECTIVE, INC., COMMERCIAL CANNABIS  
CULTIVATION

AGENDA ACTION: RESOLUTION

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RECOMMENDATION

It is recommended by the Planning and Economic Development Department that the Planning Commission, by Resolution, approve a Major Conditional Use Permit to operate a commercial medical cannabis cultivation facility, within an existing 24,510 square foot building, located at 2835 Duke Court.

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EXECUTIVE SUMMARY

The project includes a Major Conditional Use Permit to allow the cultivation of medical cannabis within a 24,510 square foot building in the Light Industrial zoning district. The site is adjacent to residential uses to the north, on Victoria Drive, and is bordered by industrial uses to the south, east and west. The proposed facility would to operate from 7 a.m. to 7 p.m., daily, with a maximum of 22 employees working at any given time. No exterior building or landscape modifications are proposed.

BACKGROUND

1. Medical Cannabis Commercial Cultivation in Santa Rosa

On October 9, 2015, Governor Brown signed into law the Medical Marijuana Regulation and Safety Act (MMRSA), which went into effect on January 1, 2016. MMRSA established a comprehensive State licensing and regulatory framework for the cultivation, manufacture, transportation, testing, storage, distribution, and sale of medical cannabis through Assembly Bills 243 and 266, and Senate Bill 643.

The 2016 City Council Goal Setting Workshop established five priorities to better focus staff efforts towards achieving established City Council Goals. One of the

Tier 1 priorities (projects that are underway or receiving the highest attention) identified is to “pursue current opportunities for medical marijuana, cannabis cultivation, lab and employment development. Prepare for impacts of legalized recreational marijuana.”

In accordance with City Council goals, and in response to the State’s adoption of the MMRSA, the Council asserted its interest in retaining local authority over medical cannabis operations.

On January 19, 2016, the City Council initiated a comprehensive policy effort to regulate medical cannabis operations, and reconvened the Medical Cannabis Policy Subcommittee. This subcommittee meets monthly and continues to work towards creation of a new, comprehensive regulatory framework to address medical cannabis land use within the City. The Subcommittee’s progress and meeting content can be tracked through the City’s website ([www.srcity.org/cannabis](http://www.srcity.org/cannabis)).

On February 23, 2016, the City Council adopted an interim zoning ordinance allowing commercial cultivation of medical cannabis with a Minor Use Permit or Conditional Use Permit, depending on the size of the proposed facility, in the Light Industrial (IL), General Industrial (IG) zoning districts, and the Limited Light Industrial (-LIL) combining zoning district (City Code Chapter 20-46).

To date, two medical cannabis commercial cultivation facilities have been approved in Santa Rosa. Both were located within Light Industrial zoning districts.

## 2. Project Description

The proposed project includes the use of an existing 24,510 square foot building located at 2835 Duke Court, for the cultivation of medical cannabis. The facility would operate from 7 a.m. to 7 p.m., daily, with a maximum of 22 employees on-site during those hours. The facility is anticipated to operate with a minimum of 7 full time employees at any given time.

The property is bordered by a solid wood fence along the entire northern and eastern property line, and portion of the western property line. No fence exists on the southern shared property line. There is an existing low gate that will be closed and locked to block the entrance off Duke Court during non-operational hours. The cultivation site will not be open to the public, and includes 98 vehicle parking spaces available for employees.

No exterior changes are proposed to the existing metal building. The main entrance door to the building is located on west elevation of the building, and a rollup door and loading bay is located on the north elevation. The loading bay will provide a secure area for deliveries to and from the building, outside of public

view. Five additional perimeter doors are proposed. All access points will remain locked, alarmed, and in view of security cameras, on a continuous basis. Additional surveillance cameras would be strategically placed on the building, and building mounted lighting is planned.

The proposed facility would include 15 grow rooms, a vegetation room, a drying room and a processing room. The plans also include an administrative office, security room, vault room, and an area for employees, soil potting, packaging, and storage. The security room will be used to view security footage, which will be backed up on a daily basis, off-site. The vault room will be used to secure sensitive materials.

All air within the facility will be ventilated through High Efficiency Particulate Arrestance (HEPA) filters to remove 99.9% of particulates. Each room that encompasses cannabis cultivation or processing will include several layers of carbon filtration and fan systems to ensure odors and air quality are controlled. These mechanisms include a scrubber (a fan with a carbon filter attachment) to filter stagnant air and a carbon filtered exhaust. In addition, to address potential odor issues, the following condition of approval has been included in the draft resolution:

- Odor control shall be regulated and maintained such that the odors of medical cannabis are not detected outside of the building. This shall include applicant's proposed use of a dual air quality filtration system (units for each growing room, plus a HEPA filter for the building), installed, operated and maintained consistent with manufacturer specifications and provisions.

Additional project information is detailed in the attached, applicant provided, project description.

### 3. Surrounding Land Uses

North: Single-Family Residential (County)

South: Wholesale Supply

East: Warehousing and the Sonoma Marin Transit (SMART) rail line

West: Warehousing/Office

The project site is located within a light industrial area, and is adjacent to the SMART rail line. Residential properties within the County's jurisdiction are located directly north of the site, at a distance of less than 400 feet. The closest park, Southwest Community Park, is located approximately 2,946 feet west of the site, and Meadow View Elementary, the closest school, is located 2,410 feet northwest of the site.

4. Existing Land Use – Project Site

The developed 1.61-acre site includes the 24,510 square foot metal building and a 98-vehicle space surface parking lot. The parcel is located at the end of the existing Duke Court cul-de-sac, accessed only by Dutton Avenue. The site is bordered by a solid wood fence on the northern and eastern property lines, and a partial wood fence on the western boundary.

5. Project History

On September 27, 2016, a Pre-Application meeting was held for the proposed project with City staff.

On October 3, 2016, the applications for a Neighborhood Meeting and a Major Conditional Use Permit were submitted to the Planning and Economic Development Department.

On November 16, 2016, a Neighborhood Meeting was held to introduce the project.

On December 15, 2016, a Notice of Application was distributed to property owners within 400 feet of the site.

PRIOR CITY COUNCIL REVIEW

Not applicable.

ANALYSIS

1. General Plan

The project site is designated Light Industry on the Santa Rosa General Plan 2035 land use diagram. This classification is intended to accommodate light industrial, warehousing and heavy commercial uses.

The following General Plan goals and policies are applicable to the proposed medical cannabis cultivation use:

- |         |   |
|---------|---|
| LUL-I-1 | Provide a range of commercial services that are easily accessible and attractive, that satisfies the needs of people who live and work in Santa Rosa and that also attracts a regional clientele. |
| LUL-K   | Protect industrial land supply and ensure compatibility between industrial development and surrounding neighborhoods.   |

- 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 uses. 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.
- NS-B-5 Pursue measures to reduce noise impacts primarily through site planning. Engineering solutions for noise mitigation, such as sound walls, are the least desirable alternative.

The City specifically identified the Light Industrial (IL), General Industrial (IG) zoning districts, as well as the Limited Light Industrial (-LIL) combining zoning district, where this type of use would be appropriate. Although the use is not explicitly addressed in the General Plan, these industrial zoning districts implement the industrial designations intended for many of the uses associated with commercial cultivation.

Staff has determined that the proposed medical cannabis commercial cultivation use is consistent with the applicable aforementioned General Plan goals and policies, and the associated Light Industry General Plan land use designation. Specifically, the proposed use would assist in maintaining the economic viability of the area, broaden the available full and part time jobs within the City, provide a viable commercial service, while ensuring compatibility with the surrounding neighborhoods through proposed operations and security measures.

## 2. Zoning

North: Pre-Zone - R-1-6 (Pending Annexation-Single-Family Residential)  
South: IL (Light Industrial)  
East: IL (Light Industrial)  
West: IL (Light Industrial)

The project site is within the IL zoning district, and is bordered by IL properties to the south, east and west. The IL zone, which is consistent with the Light Industry General Plan land use designation, is applied to areas appropriate for light industrial uses, as well as commercial service uses and activities that may be incompatible with residential, retail, and/or office uses. A single-family residential zone exists north of the site. This residential area is currently pending annexation into the City as a part of the wider Roseland Annexation.

Commercial cultivation of medical cannabis is addressed in Zoning Code (Code) Chapter 20-46, which was added to the Code in March of 2016. The intent of enacting these regulations was to retain local (City) control over the commercial cultivation of cannabis, pending further legislative action by the State and pending a comprehensive effort by the City to prepare local regulations. The Zoning Code defines Commercial Cultivation of Medical Cannabis as “any activity involving the planting, growing, harvesting, drying, curing, grading, or trimming of cannabis for medical use, including nurseries, that is intended to be transported, processed, manufactured, distributed, dispensed, delivered, or sold in accordance with the Medical Cannabis Regulation and Safety Act (MCRSA) for use by medical cannabis patients in California pursuant to the Compassionate Use Act of 1996 (Proposition 215), found at Section 11362.5 of the Health and Safety Code.”

Medical cannabis commercial cultivation is allowed to occur, with the approval of a Minor Use Permit or Conditional Use Permit, in the IL, IG, and -LIL Zoning Districts, as identified below:

- a) Commercial cultivation operations up to 10,000 square-feet in size shall be allowed with a Minor Use Permit. For the duration of this interim ordinance, all applications for a Minor Use Permit under this section shall be referred to the Planning Commission for hearing and decision pursuant to Section 20-50.020(A)(1).
- b) Commercial cultivation operations over 10,000 square-feet in size shall be allowed only with a Conditional Use Permit.

The proposed project would utilize an existing 24,510 square-foot building, and, therefore, a Major Conditional Use Permit is required.

The Planning Commission must make all of the following findings as required in Zoning Code Section 20-52.050 (Conditional Use Permits), to grant the Major Conditional Use Permit. Each requisite finding is followed by a staff response.

1. The proposed use is allowed within the applicable zoning district and complies with all other applicable provisions of this Zoning Code and the City Code.

Staff Response: The proposed medical cannabis cultivation facility will be located within an existing 24,510-square-foot building in the Light Industrial zoning district, which is permitted subject to Planning Commission approval of a Major Conditional Use Permit.

2. The proposed use is consistent with the General Plan and any applicable specific plan.

Staff Response: In enacting its medical cannabis commercial cultivation regulations, the City specifically identified certain industrial zoning districts where medical cannabis cultivation would be allowed. Staff finds that the proposed medical cannabis commercial cultivation use is consistent with the applicable underlying General Plan goals and policies related to industry, economic vitality, and the associated Light Industry General Plan land use designation.

3. The design, location, size, and operating characteristics of the proposed activity would be compatible with the existing and future land uses in the vicinity.

Staff Response: The proposed use will be located in an existing 24,510-square-foot building, within a light industrial neighborhood that includes a mix of light manufacturing, warehousing, and distribution related uses, with residential properties located to the north with no shared street access. As such, the area is well-suited for the proposed operation. In addition, the existing building is located on the portion of the site furthest from the residential uses, and the proposal includes continuous on-site security, security cameras and monitoring systems, all of which will be coordinated with local law enforcement.

4. The site is physically suitable for the type, density, and intensity of use being proposed, including access, utilities, and the absence of physical constraints.

Staff Response: The proposed use would be located entirely within an existing 24,510-square-foot industrial building, including all growing, harvesting, and packaging functions. Access to the site is provided via Duke Court, and the building will be fully accessible pursuant to American's with Disabilities Act (ADA) standards, though no public access will be permitted due to the nature of the proposed use and for security purposes. All necessary utilities are available at the project site, including water, wastewater, storm drainage, gas and electric services.

5. Granting the permit would not constitute a nuisance or be injurious or detrimental to the public interest, health, safety, convenience, or welfare, or materially injurious to persons, property, or improvements in the vicinity and zoning district in which the property is located.



Staff Response: The proposed project will be consistent with the surrounding land uses to the east, west, and south, which are within the IL zoning district and comprise a variety of light manufacturing, warehousing, distribution uses. The residential properties located to the north of the site are not anticipated to be substantially impacted based on the lack of shared street access, and proposed equipment to regulate odor and noise. In addition, project conditions of approval would further regulate the use to ensure it will not result in a public nuisance or health and safety hazard. This includes implementation of a security plan including continuous on-site security, an alarm monitored building, background checks for employees, the use of surveillance cameras, and secure entry gates to inhibit vehicles from accessing the project site during non-operational hours.

6. The proposed project has been reviewed in compliance with the California Environmental Quality Act (CEQA).

Staff Response: The proposed project is categorically exempt from the provisions of CEQA pursuant to CEQA Guidelines Section 15301, which applies to existing facilities involving no expansion of the facility. The proposed project involves use of an existing 24,510-square-foot industrial building, for a commercial cannabis cultivation facility, with no proposed building expansion or exterior building renovations.

The Zoning Code requires that medical cannabis commercial cultivation operators issued a Minor Use Permit or Conditional Use Permit pursuant to the interim ordinance “shall be required to comply with such additional operational conditions or performance measures adopted by subsequent ordinance(s) of the City to comprehensively regulate medical cannabis.” The City staff is actively working on the comprehensive Code update focusing on commercial medical cannabis cultivation and anticipates it will be considered by the City Council in the near future.

Additionally, medical cannabis commercial cultivation operators must obtain a State license as they become available, and shall comply with any applicable State licensing requirements, such as operational standards and locational criteria. These issues are addressed in the recommended project conditions of approval.

Parking:

The project site currently includes 98 on-site parking spaces, all of which are available for the proposed use. The Zoning Code does not include specific parking requirements for cannabis cultivation facilities. It has been determined by staff that the proposed use, based on its lack of retail customers, would be comparable to a warehousing and wholesale distribution operation. This

approach was taken with the two cannabis cultivation use permits previously approved by the Planning Commission.

Based on this rationale, a parking standard of one space for each 1,000 square-foot of gross floor area would apply, requiring a minimum of twenty-five on-site parking spaces for the cannabis cultivation use. As the project site contains 98 parking spaces, the proposed project would exceed the parking requirements by 73 spaces. The Code also states that parking requirements for warehousing and wholesale distribution can also be determined through the Use Permit process. Given the proposed maximum of 22 employees, staff finds that the proposed 98 parking spaces would be more than adequate for the facility.

7. Neighborhood Comments

Several individuals attended the neighborhood meeting held for the project. The concerns identified were related to safety impacts, law enforcement response times, and odor impacts. One written comment was received with questions regarding the planned security of the site, and requests for quiet operations in the morning hours.

8. Public Improvements/On-Site Improvements

Public and on-site improvements for the proposed project are limited to the sizing of water laterals and meters and the installation of backflow device for the fire line. Conditions related to improvements are included in the Engineering Development Services Exhibit "A" attachment to the draft resolution.

ENVIRONMENTAL IMPACT

The project has been reviewed pursuant to the provisions of the California Environmental Quality Act (CEQA). The proposed project is categorically exempt pursuant to CEQA Guidelines Section 15301, applied to existing facilities involving no expansion of the facility. The proposed project involves use of an existing 24,510-square-foot industrial building, with no proposed building expansion or exterior building renovations, and a negligible expansion of use.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

This Public Hearing was noticed pursuant to Chapter 20-66 of the City Code and included the mailing of notices to property owners within 400 feet of the site, the installation of an on-site sign, a posting at City Hall and on the City's website, and an announcement published in the Press Democrat.

## ISSUES

There are no unresolved issues remaining with the project. Staff has determined that information included in the project description, and recommended conditions of approval, related to noise and odor adequately address the potential issues. However, based on the proximity of residential uses, and the neighborhood comments received, the resolved issue of safety and security is addressed in further detail below.

### Safety & Security:

Development and implementation of a security plan is essential to ensure the safe operation of the project. The applicant has provided a preliminary security plan that addresses on-site security for the proposed operation. A more detailed, final security plan will be provided to the Planning and Economic Development and Police Departments prior to issuance of a building permit.

Key provisions of the proposed security plan include the following:

- A secure loading area that allows for deliveries and loading to occur from within the locked facility on the northeast corner of the building.
- The facility will be guarded and monitored 24 hours a day, 7 days a week, by a security firm.
- Alarmed perimeter doors, providing automatic connection to law enforcement, the security company, and building management.
- The exterior of the building will be covered by strategically placed security cameras. Surveillance footage will be maintained for 90 days.
- All applicants must pass background checks as a condition of employment, and hiring preference will be given to local residents. Employees will be thoroughly trained on all garden and security protocols to ensure product and staff safety.

Based on the above provisions, along with the conditions of project approval (outlined in the attached draft resolution), staff finds that the proposed project would be expected to provide sufficient security to ensure safe operations, and remain compatible with the abutting residential uses.

## ATTACHMENTS

Attachment 1 - Disclosure Form  
Attachment 2 – Aerial/Location Map  
Attachment 3 – General Plan/Zoning Map  
Attachment 4 – Project Description  
Attachment 5 – Project Plans

Attachment 6 – Trip Generation Memo  
Attachment 7 – Public Correspondence

Resolution

CONTACT

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