

CITY OF SANTA ROSA
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
STAFF REPORT FOR PLANNING COMMISSION
October 25, 2018

PROJECT TITLE

MAR SR, LLC Cannabis Manufacturing -
Level 2 and Distribution

APPLICANT

MAR SR, LLC (Robert Blay)

ADDRESS/LOCATION

3075 Coffey Lane

PROPERTY OWNER

Dale Dockins

ASSESSOR'S PARCEL NUMBER

015-370-035

FILE NUMBER

CUP18-089

APPLICATION DATE

May 29, 2018

APPLICATION COMPLETION DATE

September 10, 2018

REQUESTED ENTITLEMENTS

Conditional Use Permit

FURTHER ACTIONS REQUIRED

No additional discretionary actions

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 EDMUNDSON AND MEMBERS OF THE COMMISSION
FROM: AMY NICHOLSON, CITY PLANNER
PLANNING AND ECONOMIC DEVELOPMENT
SUBJECT: MAR SR, LLC CANNABIS MANUFACTURING – LEVEL 2 AND
DISTRIBUTION
AGENDA ACTION: APPROVE RESOLUTION

RECOMMENDATION

It is recommended by the Planning and Economic Development Department that the Planning Commission, by Resolution, approve a Conditional Use Permit application for commercial Medicinal and Adult Use Cannabis Manufacturing – Level 2 (volatile) and Cannabis Distribution uses at 3075 Coffey Lane.

EXECUTIVE SUMMARY

The proposal includes commercial Medicinal and Adult Use Cannabis Manufacturing – Level 2 (volatile) (Type 7) and Distribution (Type 11) uses within an existing 3,036 square foot tenant space located within the Light Industrial zoning district. Cannabis Manufacturing – Level 2 (volatile) requires approval of a Major Conditional Use Permit within the subject zoning district. Cannabis Distribution use requires a Minor Conditional Use Permit (MUP) based on the proximity to residential uses; MUPs are typically granted by the Zoning Administrator, however the Planning Commission is being asked to approve a CUP for both the Manufacturing and Distribution uses. Staff has made each of the findings required pursuant to City Code Section 20-52.050, and thus recommends approval of the Conditional Use Permit for Cannabis Manufacturing – Level 2 (volatile) and Cannabis Distribution.

BACKGROUND

1. Project Description

The applicant proposes to operate a commercial Medicinal and Adult Use Cannabis Manufacturing – Level 2 (volatile) (Type 7) licensed facility within an existing 3,036 square foot tenant space at 3075 Coffey Lane. In addition, a Cannabis Distribution (Type 11) use is proposed within the same space, which

requires approval of a Minor Condition Use Permit due to the proximity of the adjacent residential land uses in the subject Light Industrial zoning district. The proposed hours of operation are seven days a week between the hours of 8 a.m. and 10 p.m., with no access to general members of the public.

The proposed project will include all activities permitted by a commercial Cannabis Manufacturing Level 2 (volatile) license, including but not limited to the following:

- receiving raw bulk dried materials;
- light manufacturing and processing of bulk materials;
- packaging/re-packaging including but not limited to sorting,
- post-processing and refining of cannabis oils;
- storage of raw materials and manufactured products for the production of value added products such as but not limited to edibles, vape cartridges, topicals and tinctures;
- grading, quality control, labeling/re-labeling, inventory controls; internal testing for quality control;
- research and development; manufacturing of cannabis oils, products and compounds using nonvolatile and volatile extraction.

The proposed volatile manufacturing activities utilize hazardous materials, which may include: hexane, heptane, butane, pentane, ethanol, isopropyl alcohol, CO₂, acetone, and bleach. The application indicates that all hazardous materials will be used, stored and disposed of in accordance with state and local regulations. A manual of operating procedures for the use, storage, and disposal of hazardous materials for manufacturing activities will be developed in accordance state licensing (see Attachment 3 – Project Description). In addition, all employees working with hazardous materials will receive training for safe use and disposal of all hazardous materials used onsite.

As indicated on the attached floor plan, the proposed manufacturing and distribution uses will utilize several spaces including four separate labs totaling 264 square feet, a 908 square foot work area, in addition to storage, packaging, intake, mass transfer and freezer spaces. An employee breakroom, restroom, and office are also proposed. A detailed security plan has been provided in accordance with Zoning Code Section 20-46.050 (G) (see Attachment 3 – Project Description), which includes alarms, video monitoring, and specific procedures for incoming and outgoing deliveries, including utilization of the existing roll up door for loading or unloading purposes. While, the depth of the opening beyond the roll up door will not allow for a vehicle to pull in completely, a fence is proposed to secure the site during loading and unloading of cannabis products. No major modifications are proposed to the site or the exterior of the building, although improvements to the parking lot (see Attachment 5 - Site Plan) are planned. As the frontage has been previously improved, no public improvements are required.

2. Surrounding Land Uses

The project site is located within a developed area which includes industrial, commercial, and residential uses. Properties immediately abutting the project site are industrial in nature, while the residential properties are separated from the site by Coffey Lane, approximately 110 feet to the east.

North: Commercial (Maya Smog Repair)

South: Commercial/Industrial (Motor Brake & Wheel, Green Valley Slab Works)

East: Residential and Commercial (Rare Rock Mosaic Museum)

West: Commercial (Outdoor Power Equipment/Repair Center)

3. Existing Land Use – Project Site

The project site is located within northwest Santa Rosa, near the intersection of Bluebell Drive and Coffey Lane, approximately 0.2 miles east of the S.M.A.R.T. railroad. The subject site is approximately 0.53 acres and includes one building and a large shed structure, separated by a paved parking area. One access is provided from Coffey Lane.

4. Project History

May 29, 2018 – An application for a Conditional Use Permit was submitted to the Planning and Economic Development Department.

July 18, 2018 – A Notice of application was mailed to property owners within 400 feet of the subject site.

September 10, 2018 – A Neighborhood Meeting for the proposed project was held.

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 commercial Medicinal and Adult Use Cannabis Manufacturing – Level 2 (volatile) and Cannabis Distribution uses:

- 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.

The City specifically identified Business Park (BP), Light Industrial (IL), and General Industrial (IG) zoning districts as zoning districts where the proposed manufacturing and distribution uses would be appropriate. Although Cannabis uses are not explicitly addressed in the General Plan, these industrial zoning districts implement the industrial designations intended for many uses similar to commercial Cannabis manufacturing and distribution.

Staff has determined that the proposed Commercial Cannabis Manufacturing and Distribution uses are consistent with the applicable aforementioned General Plan goals and policies and the associated Light Industry General Plan land use designation. The proposed uses 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. Other Applicable Plans

Not applicable.

3. Zoning

The project site is located within a Light Industrial (IL) zoning district and is surrounded by IL and CG-zoned properties supporting various Manufacturing, Processing, Wholesale, Retail, or General Services uses. 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.

City Council Ordinance No. ORD-2017-025, Comprehensive Cannabis Ordinance, amended Section 20-24.030, Table 2-10 – Allowable Land Uses and Permit Requirements for Industrial Districts to include Commercial Cannabis Manufacturing – Level 2 (volatile) use subject to an approved Major Conditional Use Permit regardless of the size of the proposed use, and Cannabis Distribution subject to an approved Minor Conditional Use Permit when abutting residential land uses. The applicant has met the permit requirements by filing this application for a Major Conditional Use Permit for commercial Cannabis Medicinal and Adult Use Manufacturing – Level 2 (volatile) (Type 7) and Cannabis Distribution uses.

Zoning Code Section 20-46.050 provides General Operating Requirements applicable to all Cannabis Businesses and Section 20-46.070 specifies additional operating requirements for Cannabis Manufacturing. The applicant has demonstrated compliance with all General Operating Requirements and those specific to Cannabis Manufacturing or has indicated that compliance will be met. Zoning Code Section 20-46.050 (H) requires that all Cannabis Businesses incorporate and maintain adequate odor control measures such that the odors cannot be detected from outside of the structure. The applicant has submitted an Odor Mitigation Plan, which has been prepared and certified by Matthew Torre, at 15000 Inc., ensuring that all mitigation controls are sufficient to effectively mitigate odors as required by the City of Santa Rosa (see Attachment 6 - Certified Odor Mitigation Plan dated August 15, 2018).

Parking:

The project site, which includes two tenant spaces within one building, and a storage shed, has fifteen designated on-site parking spaces, and four parking spaces available fronting the project site along Coffey Lane. A minimum of six parking spaces are required for the proposed Cannabis Manufacturing and Distribution uses (four for Manufacturing @ 1/350 square feet and two for Distribution @ 1/1000 square feet). The distribution use anticipates utilizing no more than one dedicated distribution truck which would be parked on-site when not in use. When fully operational with both manufacturing and distribution uses, the applicant anticipates operating 14 hours per day, seven days per week. A maximum of eight staff members would work each shift.

Staff has determined the parking is adequate for the staffing and operations of the proposed use, as well as for a facility that is not open to the public.

Findings:

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 Conditional Use Permit. Each requisite finding is followed by a staff response.

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 Medicinal and Adult Use Commercial Cannabis Manufacturing – Level 2 (volatile) and Cannabis Distribution operation will be located within an existing 3,036 square foot tenant space in the Light Industrial zoning district, which is allowed subject to Planning Commission approval of a Conditional Use Permit.

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

Staff Response: The proposed Commercial Cannabis Manufacturing – Level 2 (volatile) and Cannabis Distribution uses are 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.

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 within a light industrial zoning district that includes a mix of manufacturing, retail, auto repair uses with residential uses located east of the site and separated by Coffey Lane. The project site is developed for Light Industrial uses, and parking is adequate for the staffing and operations of the proposed use, as well as for a facility that is not open to the public. The project complies with the General Operating Requirements for Cannabis Businesses and those operating requirements specific to Cannabis Manufacturing indicated in Zoning Code Sections 20-46.050 and 20-46.070.

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 3,036 square-foot tenant space. Access to the site is provided by Coffey Lane, 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, gas and electric services.

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 which include of a variety of light manufacturing, auto repair, commercial, distribution and residential uses, in that volatile manufacturing is a common use within industrial areas, requiring approval of a Minor Conditional Use Permit when the proposal does not include Cannabis extraction. The project Odor Mitigation Plan has been certified by a licensed engineer ensuring that all mitigation controls are sufficient to effectively mitigate odors from all sources. The proposed Security Plan seeks to effectively prevent theft or diversion of any cannabis or currency, as well as to discourage loitering, crime, and illegal or nuisance activities, by installing an interior and exterior camera surveillance system, a professionally monitored alarm system, access controls, the parking area specifically allocated to this proposed business will be secured with a fence and rolling gate, which will facilitate secure transport of material to and from the business; and secure storage and waste areas inventory controls. Per Zoning Code Section 20-46.050 (E), the project is subject to building and fire permits as described in Building and Fire Code Requirements for Cannabis Related Occupancies including general requirements and those specific to volatile manufacturing including an annual Fire Department Operational Permit is required for cannabis manufacturing facilities.

In addition, the proposal has been reviewed and conditioned by requisite City staff.

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

Staff Response: The proposed project has been reviewed in compliance with California Environmental Quality Act (CEQA) and qualifies for a Class 1 exemption under CEQA Guidelines Section 15301 in that it is the permitting and minor alteration of an existing private structure involving a negligible expansion of use. The proposed volatile manufacturing and distribution uses are common within light industrial areas, and the building has historically been used for industrial purposes.

The City has further determined that no exceptions to the exemptions apply and there is no reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances. (CEQA Guidelines Section 15300.2.)

4. Neighborhood Comments

One email was received in response to the Notice of Application regarding the need to follow the proper safety protocol for the proposed volatile manufacturing use. A Neighborhood Meeting was held for the proposed project on September 10, 2018. No members of the public attended.

5. Public Improvements/On-Site Improvements

No public improvements are required for this proposal. The project site, including the parking area, will need to meet all accessibility requirements.

FISCAL IMPACT

Approval of this action does not have a fiscal impact on the General Fund.

ENVIRONMENTAL IMPACT

The proposed project has been reviewed in compliance with California Environmental Quality Act (CEQA) and qualifies for a Class 1 exemption under CEQA Guidelines Section 15301 in that it is the permitting and minor alteration of an existing private structure involving a negligible expansion of use. The proposed volatile manufacturing and distribution uses are common within light industrial areas, and the building has historically been used for industrial purposes.

The City has further determined that no exceptions to the exemptions apply and there is no reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances. (CEQA Guidelines Section 15300.2.)

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

The project was noticed as a public hearing per the requirements of Chapter 20-66 of the City Code. Notification of this public hearing was provided by posting an on-site sign, publishing notice in a newspaper of general circulation, mailed notice to surrounding property owners, electronic notice to parties that had expressed interest in projects taking place in this geographic area of Santa Rosa, and bulletin board postings at City Hall and on the City website.

ISSUES

There are no staff issues with the proposed project.

ATTACHMENTS

Attachment 1 – Disclosure Form

Attachment 2 – Location Map

Attachment 3 – Project Description dated received October 17, 2018

Attachment 4 – Spec Sheets for Equipment dated received August 17, 2018

Attachment 5 – Project Plans dated received May 29, 2018

Attachment 6 – Site Plan dated received October 17, 2018

Attachment 7 – Odor Control Plan dated August 17, 2018

Attachment 8 – Public Correspondence

Resolution

CONTACT

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