

CITY OF SANTA ROSA
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
STAFF REPORT FOR PLANNING COMMISSION

May 9, 2019

PROJECT TITLE

Sota Extracts, Inc.

ADDRESS/LOCATION

468 Yolanda Ave, Suite 203

ASSESSOR'S PARCEL NUMBER

044-091-066

APPLICATION DATE

December 24, 2018

REQUESTED ENTITLEMENTS

Conditional Use Permit

PROJECT SITE ZONING

Light Industrial (IL)

PROJECT PLANNER

Kristinae Toomians

APPLICANT

Malcolm Smith

PROPERTY OWNER

Lorenzo Zunino Trust

FILE NUMBER

CUP18-167

APPLICATION COMPLETION DATE

April 5, 2019

FURTHER ACTIONS REQUIRED

No further actions are required.

GENERAL PLAN DESIGNATION

Light Industry

RECOMMENDATION

Approval

For Planning Commission Meeting of: May 9, 2019

CITY OF SANTA ROSA
PLANNING COMMISSION

TO: CHAIR CISCO AND MEMBERS OF THE COMMISSION
FROM: KRISTINAE TOOMIANS
PLANNING AND ECONOMIC DEVELOPMENT
SUBJECT: SOTA EXTRACTS, INC.
AGENDA ACTION: APPROVE RESOLUTION

RECOMMENDATION

The Planning and Economic Development Department recommends that the Planning Commission, by resolution, approve a Major Conditional Use Permit for Commercial Cannabis Medicinal and Adult Use Manufacturing – Level 2 (volatile) (Type 7) uses at 486 Yolanda Avenue, Suite 203.

EXECUTIVE SUMMARY

The proposal is for commercial Cannabis Medicinal and Adult Use Manufacturing – Level 2 (volatile) (Type 7) uses within an existing 1,856-square-foot, industrial suite of a larger industrial campus. The proposed facility will include approximately 1,356-square-feet devoted to volatile cannabis manufacturing, and approximately 500-square-feet devoted to distribution and ancillary office uses. The subject property is located in the Light Industrial Zoning District. The



Figure 1: Unit 203 is located in the middle building fronting on Yolanda Ave (highlighted in red).

building is part of a larger campus of five industrial buildings, located on the south side of Yolanda Avenue, approximately 730-feet west of Petaluma Hill Road. The site is located in a predominantly industrial area, with industrial uses to the immediate north and west. A large parcel with a farm house and various out-buildings is located to the east, and a single-family residential neighborhood to the south. No exterior building or landscape modifications are proposed, other than new accessible parking striping, signage, and other related ADA upgrades.

BACKGROUND

On December 19, 2017, the City Council unanimously adopted the City's Comprehensive Cannabis Ordinance. The regulations address the locational and operational requirements for commercial cannabis related businesses, identifying the permit compliance path for both medicinal and adult use activities. The ordinance allows the City to direct these land uses to appropriate areas of the City, and also establishes a public review process for permits, and locational and operational requirements to address land use compatibility, odor, security, safety, health, lighting, parking and noise. The ordinance specifically addresses volatile cannabis manufacturing, requiring a Major Conditional Use Permit in the IL – Light Industrial and IG – General Industrial Zoning Districts.

1. Project Description

The applicant proposed to operate a commercial Cannabis Medicinal and Adult Use Manufacturing – Level 2 (volatile) (Type 7) licensed facility within an existing 1,856-square-foot, industrial tenant space. The proposed facility will include approximately 1,356-square-feet devoted to volatile cannabis manufacturing, and approximately 500-square-feet devoted to distribution and ancillary office uses. Extraction will occur in a Class-1, Division 1 (C1D1) extraction room, located near the front of the tenant space. Distribution will occur in a room at the rear of the tenant space, which is equipped with a roll-up door. The roll-up door will facilitate secure transport of materials to and from the business.

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

- receiving raw bulk dried materials;
- light manufacturing and processing of bulk materials;
- packaging/re-packaging including but not limited to sorting, grading, quality control,

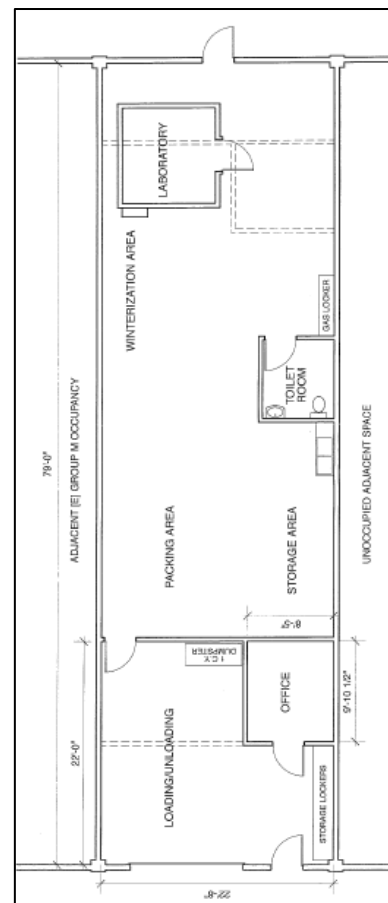


Figure 2: Floor plan.

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; post-processing and refining of cannabis oils;
- pesticide remediation;
- storage of raw materials and manufactured products; and
- production of value added products, such as, but not limited to, edibles, vape cartridges, topicals and tinctures.

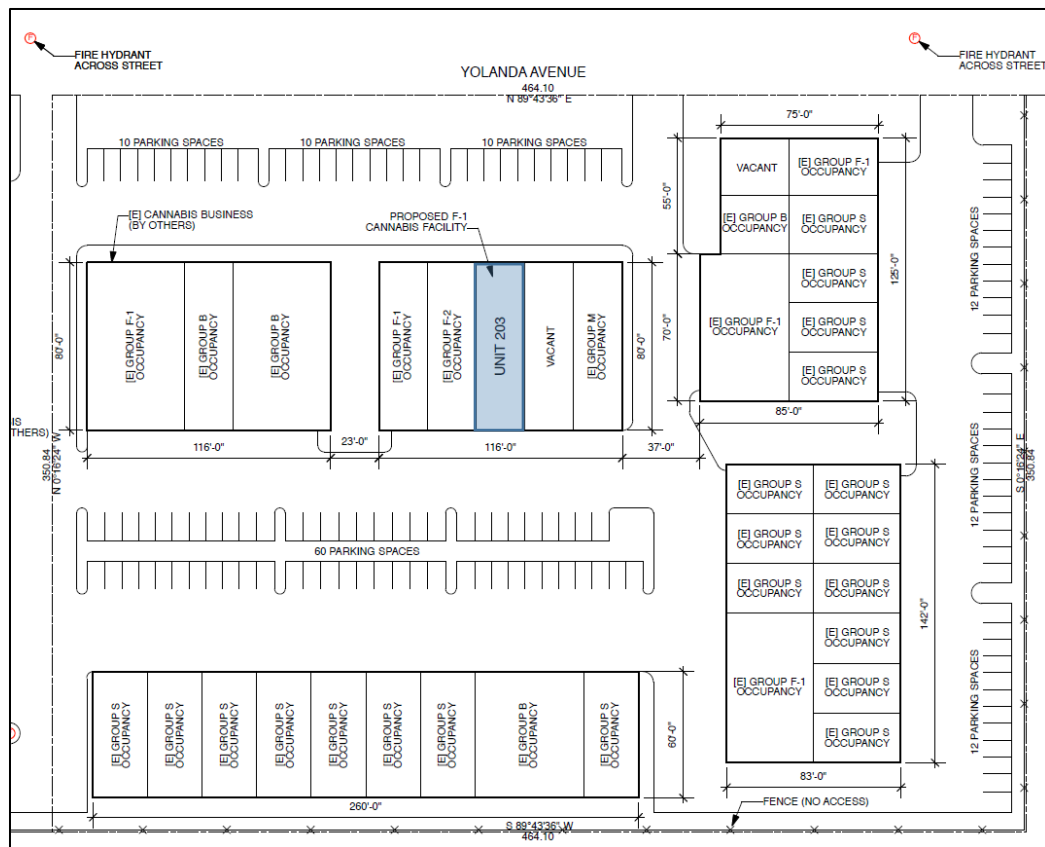


Figure 3: Overall campus layout, with Unit 203 highlighted in blue.

The building is part of a larger campus, known as Yolanda Industrial Park, and is composed of five buildings, developed in 1976.

Cannabis Manufacturing—Level 2 refers to the processing or manufacturing of medicinal or adult use cannabis products using “volatile solvents.” The State of California Health & Safety Code defines a “volatile solvent” as a solvent that is, or produces, a flammable gas or vapor that, when present in the air in sufficient quantities, will create explosive or ignitable mixtures. Examples of volatile

solvents include, but are not limited to, butane, hexane, and propane. The volatile cannabis manufacturing process requires the use of a closed-loop vacuum system. A closed loop system is an oil extraction method used to create cannabis concentrates. During the process, no solvents are exposed to the open air and remain contained within a closed loop system. The closed-loop extraction system is not unique to the cannabis manufacturing industry, in that it has been used for decades to produce perfume, food additives, and beauty products. Per Zoning Code Section, 20-46.070(C), the City of Santa Rosa requires that the closed loop system be 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 Code Official. Per 20-46.070(D), the City also requires that a licensed professional engineer annually recertify the extraction equipment. The applicant will comply with inspection and certification requirements by State agencies, as well as the City's Building and Fire Departments. Also, as required for State licensing, the applicant will prepare and implement standard operating procedures for all manufacturing processes and use of all equipment.

No major modifications are proposed to the site or the exterior of the building.

2. Surrounding Land Uses

The proposed site is located within a predominantly industrial area, and is surrounded on the north, east and west sides by Light Industry land uses. The proposed site is adjacent to a single-family residential neighborhood to the south.

3. Existing Land Use – Project Site

The proposed project is located on the south side of Yolanda Avenue, in a predominantly industrialized area spanning the distance between Santa Rosa Avenue to the west and Petaluma Hill Road to the east. The General Plan Land Use designation for the subject parcel and adjacent parcels to the north, east, and west is Light Industry and the zoning is Light Industrial (IL). The subject parcel is immediately adjacent to the Harvest Park Planned Development, single-family residential neighborhood to the south. A majority of the parcels in the immediate area have been developed for industrial uses, although there are expanses of paved surface parking at various locations that may be developed through building site expansions in the future. The project site is a 3.6-acre parcel, developed in 1976 with five industrial buildings, surrounded by shared parking. The applicant proposes to locate within a tenant space 203 in "Building 200," which is located on the north side of the parcel, directly adjacent to Yolanda Ave. The partially vacant building is composed of 6 tenant spaces, with a upholstery shop, a glass company, and a fire supply company.

4. Project History

December 24, 2018	The CUP application was submitted to the Planning and Economic Development Department.
February 13, 2019	A Neighborhood Meeting was held.
April 5, 2019	Project application was deemed complete.

PRIOR CITY COUNCIL REVIEW

Not applicable.

ANALYSIS

The proposal is for commercial Cannabis Medicinal and Adult Use Manufacturing – Level 2 (volatile) (Type 7) uses within an existing 1,856-square-foot, industrial suite of a larger industrial campus. The proposed facility will include approximately 1,356-square-feet devoted to volatile cannabis manufacturing, and approximately 500-square-feet devoted to distribution and ancillary office uses. Volatile cannabis manufacturing is subject to an approved Major Conditional Use Permit, while non-volatile cannabis manufacturing is allowed by right in the IL – Light Industrial Zoning District. The facility will not be open to the general public.

1. General Plan

The project site is designated General Industry on the Santa Rosa General Plan 2035 land use diagram. This classification is intended to accommodate manufacturing and distribution activities with a potential for creating nuisances, along with accessory offices and retail.

The following General Plan goals and policies are applicable to the proposed commercial Cannabis Medicinal and Adult Use Manufacturing – Level 2 (volatile) (Type 7) 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.
- 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 Light Industrial (IL), and General Industrial (IG) Zoning Districts as zoning districts where this type of use 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.

Staff has determined that the proposed Commercial Cannabis Manufacturing – Level 2 (volatile) use is consistent with the applicable aforementioned General Plan goals and policies, and the associated General Industry General Plan land use designation. The proposed use would assist in maintaining the economic viability of the area, broaden the available full and part time jobs within the City, and 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 – Light Industrial or BP – Business Park zoned properties, supporting various manufacturing, processing, wholesale, retail, or general services uses. The IL Zone District 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) uses subject to an approved Major Conditional Use Permit, regardless of the size of the proposed use. In the same Ordinance, Cannabis Businesses (Medical and Adult Use) were permitted in compliance with the provisions of Division 2 (Zoning Districts and Allowable 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) uses.

Zoning Code Section 20-46.050 describes 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.

Odor

Sota Extracts will have a professionally installed carbon filtration system to prevent odors from escaping the building. The odor mitigation plan, prepared by 15000, Inc., dated April 5, 2019, concludes that the odor control measures proposed for the project are consistent with best available technologies designed to mitigate cannabis odors and that no odor will be detectible outside the building.

Security

Distribution will occur in a room at the rear of the tenant space, which is equipped with a roll-up door. The roll-up door will facilitate secure transport of materials to and from the business. In addition to controlled facility access, the security plan includes existing exterior lighting, and 24/7 interior and exterior video surveillance with high resolution cameras. All inventory will be tracked from the point of delivery to distribution. In accordance with state law, all employees are subject to a background check.

Parking

The project site is developed as an industrial campus with shared perimeter parking. The minimum required parking for all types of Cannabis Manufacturing and Distribution uses at this site under the current Zoning Code is six (@ 1/350sqft). The subject building has six dedicated vehicle parking spaces and three bicycle parking spaces. The business would initially employ the three business founders to run the manufacturing and distribution facility. The applicant anticipates hiring additional employees with staggered shifts to accommodate production demand.

Hours of Operation

The facility is proposed to operate 24-hours per day, 7-days a week. Transportation activities will take place primarily between 9:00AM and 5:00PM. The proposed hours of operation are consistent with the Zoning Code, in that the industrial facility will not be open to the general public.

Traffic

A Trip Generation Study was not required. The applicant proposes to occupy a tenant space that was previously used for a fire safety supply business. Based on the applicant's proposal to stagger shifts, and that the facility will not be open to the general public, a traffic study was not warranted.

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 Major 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 proposal is for commercial Cannabis Medicinal and Adult Use Manufacturing – Level 2 (volatile) (Type 7) uses within an existing 1,856-square-foot, industrial suite of a larger industrial campus. The proposed facility will include approximately 1,356-square-feet devoted to volatile cannabis manufacturing, and approximately 500-square-feet devoted to distribution and ancillary office uses. Volatile cannabis manufacturing is subject to an approved Major Conditional Use Permit, while non-volatile cannabis manufacturing is allowed by right in the IL – Light Industrial Zoning District.

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

Staff Response: The City identified specific General Plan land use designation areas, including Light Industry, as appropriate districts for the proposed land use. The proposed Medicinal and Adult Use Commercial Cannabis Manufacturing – Level 2 (volatile) 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. Staff identified several General Plan goals and policies that would be advanced through approval of the proposed project.

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 project would improve and re-tenant a previously occupied, but presently vacant building within an industrial district that includes a mix of various industrial related uses. As such, the project is well-suited for the proposed cannabis manufacturing facility. 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. Distribution will occur in a room at the rear of the tenant space, which is equipped with a roll-up door. The roll-up door will facilitate secure transport of materials to and from the business. In addition to controlled facility access, the security plan includes existing exterior lighting, and 24/7 interior and exterior video surveillance with high resolution cameras.

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 within an existing 1,846-square-foot industrial tenant space. Access to the site is provided via Yolanda Avenue, 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.

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. 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 project Security Plan seeks to effectively prevent theft or diversion of any cannabis, 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, and secure storage and waste areas inventory controls, as well as implementing inventory controls, employee safety and security operational procedures, and training on such procedures. The facility's campus will be secured with a security fence and gates. The proposed operations are not directly adjacent to residential uses. Per 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. Additionally, an annual Fire Department Operational Permit is required for cannabis manufacturing facilities.

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 the California Environmental Quality Act (CEQA). Refer to the Environmental Review section of this report for further discussion.

4. Design Guidelines

No major changes are proposed to the exterior of the building. Internal modifications to the existing tenant space and site will be minimal, and not readily visible by the public.

5. Neighborhood Comments

Staff received one email in response to the mailed Neighborhood Meeting Notice.

The respondents were concerned with the proximity of the proposed use to the single-family residential neighborhood to the south, as well as issues with current tenants of the industrial campus, unrelated to the applicant.

A Neighborhood Meeting was held on February 13, 2019, with one neighbor in attendance.

6. Public Improvements/On-Site Improvements

No public improvements/on-site improvements are required.

FISCAL IMPACT

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

ENVIRONMENTAL IMPACT

The project 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 no expansion of use beyond that existing at the time of the lead agency's determination.

The proposed project does not propose an expansion of the structure's total square footage. The proposed interior and exterior alterations are negligible and will not result in any significant impact(s).

The project also qualifies for a Class 3 exemption under CEQA Guidelines Section 15303, in that it is the permitting of conversion of existing small structures from one use to another where only minor modifications are made in the exterior of the structure. The applicant does not propose any major changes to the exterior of the industrial tenant space.

Additionally, the project qualifies for a Class 32 exemption under CEQA Guidelines Section 15332, in that: the project is an in-fill development within an existing industrial campus; the use of volatile cannabis manufacturing is consistent with the Light Industry General Plan designation, and Light Industrial Zoning District; the proposed facility is proposed within City limits on a project site of no more than five acres substantially surrounded by urban uses; the project has no value as habitat for endangered, rare or threatened species; approval of the project would not result in significant effects relating to traffic, noise, air quality, or water quality; and, the site can be adequately served by all required utilities and public services.

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. Pursuant to Government Code Section 65091, where necessary, the City has incorporated notice procedures to the blind, aged, and disabled communities. These procedures include audio amplifier/assistive listening device support at public meetings, closed captioning, and optical character recognition conversion of electronic notices.

ISSUES

None.

ATTACHMENTS

Attachment 1 – Disclosure Form

Attachment 2 – Location Map

Attachment 3 – Neighborhood Context Map

Attachment 4 –Project Narrative

Attachment 5 – Project Plans

Attachment 6 – Public Correspondence

Attachment 7 – Exhibit A Memo from Engineering

Attachment 8 – Odor Plan, by 15000, Inc.

Resolution

CONTACT

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