

CITY OF SANTA ROSA
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
STAFF REPORT FOR PLANNING COMMISSION
September 24, 2020

PROJECT TITLE

Green Qi LLC Cannabis Retail

ADDRESS/LOCATION

4880 Highway 12

ASSESSOR'S PARCEL NUMBER

032-300-009

APPLICATION DATE

June 3, 2019

REQUESTED ENTITLEMENTS

Conditional Use Permit (CUP)

PROJECT SITE ZONING

CN (Neighborhood Commercial) &
R-1-6 (Single-Family Residential)

PROJECT PLANNER

Monet Sheikhal

APPLICANT

Henry Huang

PROPERTY OWNER

4880 Sonoma Highway LLC

FILE NUMBER

CUP19-055

APPLICATION COMPLETION DATE

March 6, 2020

FURTHER ACTIONS REQUIRED

N/A

GENERAL PLAN DESIGNATION

Retail and Business Service

RECOMMENDATION

Approval

For Planning Commission Meeting of September 24, 2020

CITY OF SANTA ROSA
PLANNING COMMISSION

TO: CHAIR CISCO AND MEMBERS OF THE COMMISSION

FROM: MONET SHEIKHALI, CITY PLANNER
PLANNING AND ECONOMIC DEVELOPMENT

SUBJECT: GREEN QI LLC CANNABIS RETAIL (DISPENSARY) AND
DELIVERY CONDITIONAL USE PERMIT

AGENDA ACTION: APPROVE RESOLUTION

RECOMMENDATION

The Planning and Economic Development Department recommends that the Planning Commission, by resolution, approve a Conditional Use Permit to allow a medicinal and adult use cannabis retail dispensary and delivery use with on-site consumption in 1,410 square feet of an existing commercial building located at 4880 Highway 12.

EXECUTIVE SUMMARY

Green Qi LLC seeks a Conditional Use Permit (CUP) to allow a medical and adult commercial Cannabis Retail (Dispensary) with on-site consumption and Delivery use with in an existing commercial building. Retail and delivery hours of operation will be from 9:00 a.m. to 9:00 p.m. seven days a week consistent with Zoning Code Section 20-46.080(F)(4).

BACKGROUND

On December 19, 2017, the City Council enacted comprehensive regulations for commercial cannabis (ORD-2017-025) after the State of California approved the sale of cannabis for adult use. The City initially accepted Cannabis Retail (Dispensary) and Delivery use Conditional Use Permit applications from April 1-20, 2018. The Green Qi LLC dispensary with delivery Conditional Use Permit application was submitted on June 3, 2019.

1. Project Description

The proposed project would occupy 1,410 square feet of an existing building on a 0.31-acre parcel within a General Commercial zoning district in Northeast Santa

Rosa. The proposed cannabis retail dispensary with delivery use would include a lobby area, retail area, indoor onsite consumption area, office/break room, and an inventory room. In compliance with Zoning Code Section 20-46.080 (F)(4), the applicant proposes retail and delivery hours of operation from 9:00 a.m. to 9:00 p.m. daily. Minor exterior modifications are proposed to the existing building including installation of new doors and windows.

State Requirements

The applicant will hold a Type 10 State license, which allows operation of a commercial cannabis retail (dispensary) and delivery business. The Project will be required to adhere to State Bureau of Cannabis Control licensing and operating procedures in addition to operational provisions of Zoning Code Chapter 20-46.

Cannabis Retail and Delivery

In compliance with Zoning Code Section 20-46.080(f)(4), the applicant proposes to operate the cannabis retail dispensary within 1,410 square feet of an existing building, with the storefront entrance visible from Highway 12, and with operating hours from 9:00 a.m. to 9:00 p.m. seven days per week. The applicant proposes retail delivery service to customers, in accordance with the Bureau of Cannabis Control Regulations.

20-46.080(F) provides that on-site consumption of Cannabis and Cannabis Products shall be subject to the following requirements:

1. Patients or Customers. Neither patients nor customers shall be permitted to consume cannabis on the site of a Cannabis Retail facility except as permitted in accordance with Chapter 9-20 (Smoking Regulations), in compliance with state law and as follows:
 - i. Conditional Use Permit applications for Cannabis Retail shall include a statement as to whether the use will include on-site consumption by patients or customers of Cannabis and Cannabis Products.
 - ii. If on-site consumption will be included, the application shall describe the operational plan and specific extent of such provision, security protocols, and how the consumption will comply with the requirements set forth in this Chapter and state law.
2. Employees. Employees of a Cannabis Retail facility who are qualified patients may consume medical Cannabis or Cannabis Products on-site within designated spaces not visible by members of the public, provided that such consumption is in compliance with Chapter 9- 20 (Smoking Regulations) and state law.
3. Signs regarding public consumption. The entrance to a Cannabis Retail facility shall be clearly and legibly posted with a notice indicating that smoking and vaping of Cannabis is prohibited on site or in the vicinity of the site except as permitted in accordance with Chapter 9- 20 (Smoking Regulations) and state law.

2. Surrounding Land Uses

North: CG (General Commercial)

South: R-1-6 (Single-Family Residential)

East: CG (General Commercial)

West: CN (Neighborhood Commercial)

The site is located on Highway 12 corridor along other commercial uses. The surrounding area land uses are a mix of commercial, office, and some residential uses. Immediately adjacent to the west is a legal non-conforming single-family home. On the east side is a veterinary clinic and on the south are two residential units.

No other cannabis related uses are proximate to the Project site. The site is located on the south side of the Highway 12 and approximately 800 feet, parcel line to parcel line, from Douglas L. Whited Elementary School, which is located on the north side of the Highway 12.

3. Existing Land Use – Project Site

The proposed project is located along Highway 12, within an existing 1,410 square feet commercial building developed in 1973. The previous use was general retail-hydroponics garden supply. Currently, the site has seven parking spaces located on the front of the property.

4. Project History

June 3, 2019	Conditional Use Permit application submitted
July 29, 2019	Notice of Incomplete application sent to applicant
Aug 12, 2019	Response to incomplete letter received by City Staff
Oct 4, 2019	Application was deemed complete
Oct 26, 2019	Notice of Neighborhood Meeting was sent out
Nov 6, 2019	Neighborhood meeting held
Mar 6, 2020	Staff received updated application
July 16, 2020	An Issues Letter was sent to the applicant
July 23, 2020	Staff received updated document addressing Issues Letter

PRIOR CITY COUNCIL REVIEW

Not applicable.

ANALYSIS

The Project proposes establishment of a medical and adult use retail cannabis dispensary with delivery in the Neighborhood Commercial Zoning District. Adult use and medical cannabis retail dispensaries with delivery are allowed with a Conditional Use Permit approval.

1. Santa Rosa General Plan 2035

The proposed project site is designated as Retail and Business Services on the General Plan Land Use Diagram. This classification is intended to accommodate retail and service enterprises, offices, and restaurants. The following General Plan goals and policies are applicable to the Project:

LAND USE AND LIVABILITY

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.

ECONOMIC VITALITY

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-2 Continue to promote Santa Rosa's role as a regional center.

Although Cannabis land uses are not considered under the current General Plan, the Neighborhood Commercial zoning district is an implementing zoning district of General Plan Retail and Business Services land use designation. The Zoning Code specifically identifies CN (Neighborhood Commercial) zoning districts as locations appropriate for cannabis retail dispensary and delivery uses.

Staff has determined that the medical and adult cannabis retail dispensary and delivery use is consistent with the applicable identified General Plan goals and policies, and the associated Retail and Business Services General Plan land use designation. The re-use of this vacant space would assist in maintaining the economic viability of the area and maintaining the diverse types of employment opportunities available in the City, while continuing compatibility through proposed conditions of approval and operational and security measures with surrounding businesses and neighborhoods.

2. Other Applicable Plans

Not applicable.

3. Zoning

The project site is located within a Neighborhood Commercial (CN) zoning district and is surrounded by Residential and Commercial zoning districts. Pursuant to Zoning Code Section 20-23.030, Table 2-10, cannabis retail dispensary and delivery uses are allowed within the CN zoning district subject to an approved Conditional Use Permit.

Zoning Code Section 20-46.050 provides General Operating Requirements applicable to all Cannabis Businesses and Section 20-46.080 specifies additional operating requirements for a cannabis retail dispensary with delivery. Below is an analysis of applicable subsections from Sections 20-46.050 and 20-46.080.

Green Qi LLC Dispensary is required to adhere to all State Bureau of Cannabis Control licensing and operating procedures, as well as City ORD-2017-025. The applicant will display copies of all State Licenses as well as all County and City permits.

Section 20-46.050 General operating requirements

- A. **Dual licensing.** Applicant is required to demonstrate local authorization prior to obtaining a State Cannabis Operator license. Approval of this application for a Conditional Use Permit to operate a cannabis retail dispensary with delivery is a necessary step in order to comply with the dual licensing requirement. The application reflects a thorough understanding of required compliance with local and state regulations.
- B. **Minors.** Access to the retail area will be limited to individuals who are at least 21 years of age, or who are at least 18 years of age with a valid physician's recommendation. Green Qi LLC will only allow persons on the premises who have a cannabis recommendation and valid government issued identification, with date of birth over 18 years of age.
- E. **Inventory and tracking.** The applicant has provided policies and procedures for the inventory and tracking of cannabis and cannabis products, as well as maintenance of associated records. In addition, Green Qi LLC will perform a reconciliation of its inventory at least once every 14 days and shall be made available to the California Cannabis Bureau upon request.

All inventory shipments will occur in the rear of the building and will be received through the dispensary's rear entrance. Inventory shipments will occur between 6:00 a.m. to 10:00 p.m.
- F. **Building and fire permits.** The project application has been reviewed by the Building and Fire departments and has been conditioned as necessary by those departments. The applicant demonstrates a clear understanding of

what is required to comply with Building and Fire Code requirements.

- G. **Security.** Zoning Code Section 20-46.050(G) requires cannabis businesses to provide adequate security to ensure the public safety, and safety of persons in the facility to protect the business premises from theft. Cannabis business applications are required to provide a security plan that includes lighting and alarms, secure storage and waste, procedures for the safe transportation of products and currency, controlled building access and emergency access. The applicant has provided a detailed security plan that includes the following security enhancements:
1. **Security Cameras.** The applicant will install security cameras to monitor the interior and exterior of the building; the cameras will run 24 hours a day, be maintained in good working condition, comply with standard industry format to support criminal investigations and video recordings will be maintained for 60 days;
 2. **Alarm System.** The applicant will install a professionally monitored alarm system, which would provide instant notification of any triggering event. The alarm system will be equipped with a failure notification feature that provides prompt notification to applicant of any prolonged surveillance interruption or system failure. Additionally, Green Qi LLC will be able to access the alarm system remotely.
 3. **Secure Storage Waste.** All cannabis products and any cannabis waste will be stored in an area secured with commercial-grade non-residential locks, that is not visible to the public and that prevents diversion, theft, loss, hazards and nuisance. 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.
 4. **Transportation.** Deliveries will be scheduled in advance and pre-approval given by management for deliveries at specified delivery times. The vehicle(s) used for the delivery of cannabis goods will be outfitted with a dedicated Global Positioning System (GPS) device for identifying the geographic location of the delivery vehicle.
 5. **Locks.** The applicant will provide commercial security doors at all entrances, exits, and access points to restricted areas. The entrances will have commercial grade 1 security locks to control access during business hours. In addition, commercial grade window locks will be installed at all windows.
 6. **Emergency Access.** All security measures are designed to ensure emergency access is available in compliance with California Fire Code and Santa Rosa Fire Department standards.
- H. **Odor Control.** Zoning Code Section 20-46.050(H) requires cannabis

businesses to “incorporate and maintain adequate odor control measures such that the odors of cannabis cannot be detected from outside the structure in which the business operates.” The applicant has provided a certified Odor Mitigation Plan prepared by Andrew Souza from TEP Engineering, dated September 3, 2020. The Odor Mitigation Plan has been certified by a licensed professional mechanical engineer and includes: Operational Process and Maintenance Plan, Engineering Controls, and Staff Training Procedure. The Engineering Controls include: installation of activated carbon filter canisters or inline filters on exhaust systems and installation of activated carbon inline filters on recirculating air system.

- I. **Lighting.** The applicant has indicated that 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. Interior lighting systems will be fully shielded and include adequate coverings on windows, to confine light and glare to the interior of the structure.
- J. **Noise.** The applicant has indicated that the HVAC engineers have selected light commercial equipment that produces noise levels customary in light commercial/retail environments and fully complies with Chapter 17-16 (noise) of Santa Rosa City Code.

Section 20-46.080 Cannabis Retail (Dispensary) and Delivery Requirements

- A. **Conditional use.** An application has been made for a Conditional Use Permit to operate a cannabis retail dispensary and delivery, and the application clearly indicates that the use is for medical and adult use retail with delivery and on-site consumption.
- B. **Delivery Services.** Delivery Services are proposed in conjunction with this application for a retail dispensary operation and with a retail storefront that is open to the public. The application provides an operational plan for delivery services that demonstrates compliance with local regulations and Bureau of Cannabis Controls Regulations.
- D. **Location Requirements.** In addition to those location requirements established in Allowable Land Use Table 2-6, Cannabis Retail is subject to these additional location requirements:
 - 1. **Overconcentration.** The Zoning Code limits geographic concentration of cannabis retail facilities (dispensaries) by prohibiting dispensaries within 600 feet of each other. There are no other cannabis retail facilities within 600 feet of the subject site; therefore, the Project site is not located in an “over-concentration” area.
 - 2. **Setback to Schools.** City and State regulations prohibit establishment and operation of retail cannabis dispensaries within 600 feet of a K-12 school as defined by Health and Safety Code Section 11362.768. The project site is located 800 feet from the closest school, which is Douglas L.

Whited Elementary School. The project also complies with Section 20-46.080(F)(10) which prohibits advertising or marketing of cannabis products on an advertising sign within 1,000 feet of a school providing instruction in kindergarten or any grades 1 through 12.

3. **Visibility of entrance.** The dispensary storefront is visible from Highway 12. The building entrance to the dispensary is clear and legible. There are two large windows facing north on the building.
- E. **Edible products.** The applicant has acknowledged that will meet all Department of Public Health's requirements for the proposed cannabis retail dispensary and delivery use.
- F. **Operational Requirements.** The application demonstrates compliance with all operational requirements by providing an operational plan. The project proposes hours of operation from 9:00 a.m. to 9:00 p.m. daily for both retail sales and delivery as allowed by Section 20-46.080(F)(4).
- G. **On-site consumption.** The products provided for on-site consumption would include only ingestible and topical forms. The consumption area will be separate from all other areas of the dispensary. Admittance to this area will be carefully controlled, with all persons registering before they enter. Only persons 21 years of age and older will be allowed into the on-site consumption area. The on-site consumption area will not be visible from any public place or non-age-restricted area of the premises. Any windows between the on-site consumption area and the retail show room will be shaded by window coverings that completely block out visibility into the on-site consumption area. Screening will be strategically placed to completely block all visibility into the designated on-site consumption area. The sale and consumption of alcohol and tobacco is strictly prohibited of all persons on the premises of the facility.

Parking

The minimum number of required parking spaces for the proposed use is six (1 space per 250sf), and the project site provides 10 parking spaces: six client parking spaces near the main entrance and 4 employees only parking spaces toward the rear of the property. Therefore, the minimum parking requirement is met.

4. Design Guidelines

Any exterior modifications or additions would require design review approval.

5. Historic Preservation Review Standards

Not applicable.

6. Neighborhood Comments

A neighborhood meeting was held on November 6, 2019, and the neighborhood meeting had no attendees.

7. Public Improvements/Onsite Improvements

It is recommended that any nonstandard sidewalk sections and driveway approaches along the property's frontage and within the public right-of-way be upgraded to the current standard in order to ensure a compliant path of travel within the public right-of-way and to mitigate any potential trip hazards. The City's Engineering Division has conditioned the proposed project as described in Engineering Development Services Exhibit "A" dated August 19, 2020.

FINDINGS REQUIRED FOR CONDITIONAL USE PERMIT

The Planning Commission must make the following findings as required in Zoning Code Section 20-52.050 to grant the Conditional Use Permit.

A. 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 commercial cannabis retail dispensary and delivery use will occupy 1,410 square feet of an existing commercial building in the Neighborhood Commercial (CN) zoning district, which is allowed subject to Planning Commission approval of a Conditional Use Permit. The application complies with district requirements and all other applicable provisions of the Zoning Code and City Code.

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

Staff Response: The proposed commercial cannabis retail dispensary and delivery use is consistent with the applicable underlying General Plan goals and policies related to economic vitality and the associated Retail and Business Services General Plan land use designation that is implemented by the Neighborhood Commercial (CN) zoning district in which the proposed use is located.

C. 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 commercial cannabis retail dispensary with delivery use is allowed under Section 20-23.030 Table 2-6 with approval of a Conditional Use Permit. The Project is located on a site zoned Neighborhood Commercial (CN) zoning district. As such, the site is suitable for the use as proposed and the hours of operation are within those permitted in Section 20-46.080(F)(4).

The project site is developed for commercial uses, and parking meets Zoning Code requirements and is adequate for the staffing and operations associated with the use. The project complies with the general operating requirements for cannabis businesses and the operating requirements specific to medical and adult use cannabis retail dispensaries.

Additionally, the City's Traffic Engineering Department has determined that the proposed use will not trigger a need for a Traffic Study or Memo and the number of provided parking spaces are adequate for the proposed use.

D. 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 will be located entirely within 1,410 square-feet of an existing commercial building. Adequate vehicular access to the site is provided from Highway 12. The project plans demonstrate compliance with all operational standards as specified in Chapter 20-46. The building and site, as conditioned, will be fully accessible pursuant to Americans with Disabilities Act (ADA) standards. All necessary utilities are available at the project site, including water, wastewater, storm drainage, gas and electric services.

E. 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 land uses along Highway 12, which contains a variety of office, commercial, and residential uses. The Odor Mitigation Plan has been certified by a licensed engineer ensuring that all mitigation controls are sufficient to effectively mitigate odors.

As required in Section 20-46.050(G), the applicant has provided a Security Plan. The applicant has indicated that in accordance with Bureau of Cannabis Control Regulations Section 5045, security personnel will be provided. The facility will have a comprehensive surveillance system monitored by an outside agency 24 hours per day, 7 days per week.

The subject property is located at least 800 feet from the Douglas L. Whited Elementary School located at 4995 Highway 12. This exceeds the minimum 600-foot separation required under both State of California and the City of Santa Rosa regulations.

Per Section 20-46.050(E), the project is subject to Building and Fire permits. Additionally, an annual Fire Department Operational Permit is required, and the project must meet Health and Safety Code requirements.

FISCAL IMPACT

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

ENVIRONMENTAL IMPACT

The proposed project has been reviewed in compliance with the California Environmental Quality Act (CEQA) and staff has determined that the project qualifies for:

- Class 1 Categorical Exemption under CEQA Guidelines Section 15301 in that the project is located within an existing structure involving a negligible expansion of an existing use that will not result in significant impact(s).
- The project qualifies for a Class 3 Categorical Exemption under CEQA Guidelines Section 15303 in that the project involves a change of use, which will require only minor exterior modifications to the structure/site.
- The Project qualifies for a Class 32 exemption under California Government Code Section 15332 (In-fill Development Projects) of the State CEQA Guidelines in that:
 - The Project is consistent with Santa Rosa General Plan 2035 and the current City of Santa Rosa Zoning Code;
 - The Project is located within City of Santa Rosa jurisdiction, on a project site of no more than five acres substantially surrounded by urban uses;
 - The Project site has been previously developed and has no value as habitat for endangered, rare or threatened species. While within the Santa Rosa Plain Conservation Strategy boundaries, the Project site was previously filled and is encircled by constructed roadways;
 - The Project will not result in any significant effects relating to traffic, noise, air quality, or water quality; and
 - The Project site is located in a developed area where it can be adequately served by all required utilities and public services. City staff has reviewed the plans and conditions the project appropriately.
- 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. 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

There are no unresolved issues.

ATTACHMENTS

- Attachment 1: Disclosure Form
- Attachment 2: Location Map
- Attachment 3: Project Description, dated received September 10, 2020
- Attachment 4: Plan Set, dated received August 12, 2019
- Attachment 5: Odor Control Plan, dated received September 3, 2020, 2020
- Attachment 6: Resolution and Exhibit A

CONTACT

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