



Sonoma County Board of Zoning Adjustments STAFF REPORT

FILE: UPC17-0099
DATE: December 13, 2018
TIME: 1:05 pm
STAFF: Crystal Acker, Project Planner

Appeal Period: 10 calendar days

SUMMARY

Applicant: Jamie Munley, Dialed In Enterprises Corporation

Owner: Mark and Stacy Ciddo, CMS Properties, LLC.

Location: 3660 Copperhill Lane, Santa Rosa

APN: 059-250-004 **Supervisory District No.:** 4

Subject: Cannabis Use Permit for Indoor Cultivation, Processing, Distribution and Transportation

PROPOSAL: Request for a five year limited-term Minor Use Permit for 13,440 square feet of indoor cannabis cultivation, 320 square feet of indoor wholesale nursery cultivation (total canopy area 13,760 square feet), and 3,440 square feet of propagation in an 8,780 square foot space (utilizing tiered racking systems); 932 square feet of on-site processing; and 1,123 square feet of distribution/ transportation within an existing 16,000 square foot industrial building on a 6.78-acre industrially zoned property.

Environmental Determination: Categorically exempt per Section 15301(a) (Existing Facilities), Section 15303(e) (New Construction or Conversion of Small Structures), and Section 15304(b) (Minor Alterations to Land) as an existing industrial facility converting one use to another but involving negligible expansion of use and only minor construction, including interior tenant improvements, gates, fences, and landscaping.

General Plan

Land Use: General Industrial (GI)



Specific/Area Plan: Airport Industrial Area Specific Plan

Land Use: Heavy Industrial

Zoning: Heavy Industrial (M2), 40000 Square Foot Average,
Valley Oak Habitat (VOH)

Ord. Reference: 26-48-020(z) – Heavy Industrial Uses Permitted with a Use Permit;
26-48-030 – Heavy Industrial Building Intensity and Development Criteria;
26-88-250(a); 26-88-250 (d); 26-88-250 (f) – Commercial Cannabis Uses;
26-88-254(f); 26-88-254(g) – Cannabis Cultivation-Commercial.

Application

Complete: March 13, 2018

RECOMMENDATION: Recommend that the Board of Zoning Adjustments approve the request, with conditions, for a five year limited-term Minor Use Permit for 13,440 square feet of indoor cannabis cultivation, 320 square feet of indoor wholesale nursery cultivation (total canopy area 13,760 square feet), and 3,440 square feet of propagation in an 8,780 square foot space (utilizing tiered racking systems); 932 square feet of on-site processing; and 1,123 square feet of distribution/ transportation within an existing 16,000 square foot industrial building on a 6.78-acre industrially zoned property.

EXECUTIVE SUMMARY: Staff is recommending approval of the cannabis Minor Use Permit application because:

- Commercial cannabis cultivation and distribution are allowed uses in the Heavy Industrial zoning district and General Industrial land use designation;
- The proposed project meets the development criteria of Sonoma County Cannabis Ordinance No. 6189 and will meet the operating standards of the Ordinance through compliance with recommended conditions of approval;
- The project is consistent with Airport Industrial Area Specific Plan and Sonoma County Comprehensive Airport Land Use Plan policies and standards;
- The design, location, size, and operating characteristics of the project are considered compatible with the neighborhood and surrounding land uses in the vicinity.

ANALYSIS

Background:

Regulations. In October 2015, the Governor signed three bills into law collectively know as the Medical Cannabis Regulations and Safety Act establishing the State’s first licensing system for commercial medical cannabis activity.

In November 2016, California voters approved Proposition 64, legalizing the adult use and possession of cannabis.

On December 20, 2016, the Sonoma County Board of Supervisors adopted the Cannabis Ordinance (No. 6189) to establish a comprehensive local program to permit and regulate medical cannabis to align with State Regulations. The ordinance was intended to preserve environmental resources, protect the health and safety of communities, and ensure the industry contributes positively to the economic vitality of the County.

In June 2017, the Governor signed a bill creating a single regulatory scheme for both medical and adult use cannabis businesses.

On October 16, 2018, the Sonoma County Board of Supervisors adopted an amendment to the Cannabis Ordinance, extending the maximum term of cannabis use permit from one year to five years, authorizing adult use in addition to medical with a use permit, and clarifying a number of additional items.

Application Processing. On December 26, 2017, a Minor Use Permit application was submitted for Indoor Cultivation, Processing, Distribution and Transportation. The applicant did not enroll in the penalty relief program and is not currently operating.

On March 13, 2018, Permit Sonoma deemed the application complete for processing.

On March 16, 2018, Permit Sonoma sent notification of the proposed project to neighboring properties within 300 feet of the parcel boundaries. No comments were received.

On August 24, 2018, Permit Sonoma sent an Intent to Post a Notice of Hearing Waiver to the District 4 Supervisor's Office.

On August 30, 2018, Permit Sonoma posted a Notice of Hearing Waiver and mailed it to neighboring properties within 1,000 feet of the parcel boundaries.

On September 10, 2018, a request for public hearing was received, citing fiscal impacts (Exhibit H).

Project Description: The applicant requests a five year limited-term Minor Use Permit for 13,440 square feet of indoor cannabis cultivation, 320 square feet of indoor wholesale nursery cultivation (total canopy area 13,760 square feet), and 3,440 square feet of propagation in an 8,780 square foot space (utilizing tiered racking systems); 932 square feet of on-site processing; and 1,123 square feet of distribution/ transportation within an existing 16,000 square foot industrial building on a 6.78-acre industrially zoned (M2) property (see Exhibit C – Proposed Floor Plan). The applicant is not currently operating.

Indoor cultivation operations are proposed to occur 24 hours per day, 7 days a week although generally the use will occur between 6:00 am and 10:00 pm. Deliveries and shipping/distribution operations are proposed from 7:00 am to 9:00 pm Monday through Friday. The operation will employ 16 full-time employees and up to an additional 8 seasonal employees during peak harvest and processing operations, for a maximum of 24.

Proposed interior tenant improvements include construction of internal walls, installation of tiered racking systems, irrigation, and odor-controlling ventilation systems in cultivation rooms, and a building security system.

External improvements include minor repaving and pavement marking to formalize 20 parking spaces, including one accessible space, installation of perimeter fencing, and landscaping along the Copperhill Lane road frontage (see Exhibit B – Site Plan).

The building is currently connected to a private septic system and well, but will be connected to public water and sewer services prior to operation.

Site Characteristics: The parcel is located in the airport industrial area of Santa Rosa, about 1 mile west of US Highway 101 and 0.1 mile south of Airport Boulevard (see Exhibit D– Vicinity Map).

The portion of the parcel under leasehold for the cannabis operation is fully developed (see Exhibit E – Aerial Map). The central portion of the parcel is the former location of Carl's Ready Mix, a concrete supplier, which is not currently in operation. The eastern portion of the parcel is primarily undeveloped. A County-owned well site is present on a separate Assessor Parcel Number (APN 059-250-005) near the eastern edge of the parcel.

Surrounding Land Use and Zoning: Land uses immediately surrounding the subject site are also zoned Heavy Industrial, including operations such as Burgess Lumber and Creams Dismantling and Scrap. Land uses further west to the airport are mostly Industrial Park; land uses further east to Highway 101 are a mixture of Heavy Industrial and Industrial Park, with some Retail Business and Service Commercial and High Density Residential uses adjacent to the highway.

DISCUSSION OF ISSUES

Issue #1: General Plan Consistency

The site's General Plan designation is General Industrial. All industrial uses involving the production or assembly of products may be allowed under this land use designation. Typical uses include manufacturing goods, warehousing, research facilities, machine shops, contractor's storage, processing plants, and offices incidental to the primary use. The General

Plan includes a number of policies intended to facilitate jobs and services for county residents and businesses, and contains the following “Purpose and Definition” statement for General Industrial Areas:

Purpose and Definition. This category provides sites for industrial activities and employment that require urban services and that primarily serve an urban population. The intent of the category is to assure that industrial development is compatible with adjacent land uses, infrastructure and environmental quality. This category also may provide locations for workforce housing for persons employed in adjoining businesses.

The primary use of the proposed project is production of commercial cannabis. Cannabis cultivation, processing, and distribution operations are similar to other warehousing and processing operations in the area. The Board of Supervisors determined in their 2016 decision approving the current cannabis ordinance that cannabis uses may be consistent with the overall goals, objectives, policies, and programs of the General Plan, and that cultivation, processing, distribution, and transportation operations are an allowed use in industrial zoning with a Minor Use Permit. Therefore, the proposed project does not conflict with these stated purposes and definitions.

Permitted Development Intensities and Criteria: The General Plan outlines a number of specific development criteria for General Industrial land uses that must be met, including:

Public sewer and water services shall be available. The building is currently connected to a private septic system and well, but will be connected to public water and sewer services prior to operation. A Will Serve Letter from the Windsor Water District, dated 11/30/2017, was provided with the application. The project is located within the Airport Urban Service Area Boundary serviced by the County Water Agency Airport/Larkfield/Wikiup Sanitation Zone. Improvement plans for extension of the sewer main and connection to Windsor water have been submitted to Permit Sonoma and are in process (SEW16-0197). Urban services will be provided for the operation, which complies with the General Plan.

Maximum lot coverage shall not exceed 50 percent of the site. The existing building is 16,000 square feet, which equates to less than five percent lot coverage for the 6.78-acre parcel. There are several other small structures on the parcel associated with the former concrete plant, which in total equal less than one percent additional lot coverage, in compliance with the General Plan.

Maximum building height shall not exceed 65 feet. The existing building is approximately 31 feet tall which complies with the General Plan maximum height limitation.

Development shall be compatible with the environment, urban services, and adjacent land uses. The entire surrounding area is heavy industrial. The nearest sensitive uses are the Sonoma Country Day School, approximately 2,000 feet to the northeast and the Sonoma County Office of Education about 1,800 feet to the northwest. There are no other sensitive uses

(e.g., public parks, treatment facilities) within 2 miles. The nearest residential use is about 0.6 mile to the east near Highway 101. The design, location, size, and operating characteristics of the use are considered compatible with the existing and future industrial land uses within the vicinity. The use would not be detrimental to the health, safety, peace, comfort, and general welfare of persons residing or working in the neighborhood of such use, nor be detrimental or injurious to property and improvements in the neighborhood or the general welfare of the area. The project complies with General Plan compatibility requirements.

Planning Area Policy: The General Plan also identifies land use policies for specific planning areas. The Santa Rosa planning area includes Policy LU-16a:

Require full urban improvement standards and services for discretionary commercial, industrial and urban residential projects within the Urban Service Boundary.

The building is currently connected to a private septic system and well, but will be connected to public water and sewer services prior to operation. A Will Serve Letter from the Windsor Water District, dated 11/30/2017, was provided with the application. The project is located within the Airport Urban Service Area Boundary serviced by the County Water Agency Airport/Larkfield/Wikiup Sanitation Zone. Improvement plans for extension of the sewer main and connection to Windsor water have been submitted to Permit Sonoma and are in process (SEW16-0197). Urban services will be provided for the operation, which complies with the General Plan.

Full urban improvements could also include curb, gutter, storm drain, sidewalk, parking, and bike lanes. Copperhill Lane is a short road segment between Brickway Boulevard and Copperhill Parkway, which provides access to the project site, Burgess Lumber, and Creams Dismantling and Scrap, and essentially functions as a driveway for these three businesses. The road is not constructed to county standards (i.e., less than standard width, no lane markings, no curb or storm drain improvements). There is no existing storm drain system in the area for the project to tie into. The site is not in an area where pedestrian or bike lane improvements are desirable, and on-street parking is prohibited in Heavy Industrial areas by the Airport Industrial Area Specific Plan. Therefore, these improvements are not proposed by the project, but their absence does not conflict with the General Plan.

Issue #2: Airport Industrial Area Specific Plan Consistency

The site's Airport Industrial Area Specific Plan land use designation is Heavy Industrial. This land use designation is intended to accommodate and encourage near-term industrial development in the county by providing land area exclusively for such activities in areas which are visually contained and where land use and environmental impacts can be minimized.

The project site is located adjacent to other heavy industrial uses in an area visually separated from primary circulation routes on Airport Boulevard, Brickway Boulevard, and Regional Parkway. The project site is only visible to adjacent industrial uses, which minimizes visual

impacts. The operation is proposed in an existing building, and all improvements, including fencing and parking, will be contained within developed areas to minimize environmental impacts, and was determined to meet exemption criteria under the California Environmental Quality Act. The project does not conflict with area plan land use goals.

Site Development Standards: The Area Plan contains additional site development standards, which are sometimes more restrictive than those of the General Plan. Applicable standards include:

Required front yard setback is 20 feet. Landscaping is proposed within a 20-foot wide area along the Copperhill Lane road frontage. The existing building is set back approximately 55 feet from the property line.

Maximum height of structures is 50 feet. The existing building is approximately 31 feet tall which complies with maximum height limitation.

Onstreet parking shall not be permitted on any public streets within a heavy industrial area. No on-street parking is proposed. Parking is located in the parcel interior, primarily on the south side of the building, which complies with the Area Plan.

A 20-foot setback from the adjoining street curb line shall be reserved for landscaping, and a minimum of 10 percent of each lot shall be landscaped. Landscaping is proposed along the Copperhill Lane road frontage within the 20-foot setback area. The landscape proposal will be finalized through a formal Design Review process and will comply with front yard setbacks and landscaping requirements.

Issue #3: Zoning Consistency

The site's base zoning designation is Heavy Industrial, 40000 Square Foot Average. Section 26-48-020 allows commercial cannabis operations as follows:

Sec. 26-48-020. - Uses permitted with a use permit.

(z) Commercial cannabis uses in compliance with Sections 26-88-250 through 26-88-256.

Applicable Zoning Code sections cited above include, but are not limited to the following:

Sec. 26-88-250. - Commercial cannabis uses.

(a) Purpose. This section provides the development and operating standards for personal and commercial medical cannabis uses to ensure neighborhood compatibility,

minimize potential environmental impacts, provide safe access to medicine and provide opportunities for economic development.

(d) Permit Requirements. Medical cannabis uses shall be subject to the land use permit requirements as shown in Table 1A-D Allowed Medical Cannabis Uses and Permit Requirements. No other type of cannabis uses are permitted except as specified in Table 1A-D.

(f) Health and Safety. Medical cannabis uses shall not create a public nuisance or adversely affect the health or safety of the nearby residents or businesses by creating dust, light, glare, heat, noise, noxious gasses, odor, smoke, traffic, vibration, unsafe conditions or other impacts, or be hazardous due to the use or storage of materials, processes, products, runoff or wastes.

Neighborhood Compatibility: Commercial cannabis cultivation, including wholesale nurseries, processing, and distribution/transportation support operations are allowed uses in Heavy Industrial zoning, as shown on Table 1C. However, Commercial Cannabis Uses Section 26-88-250(a) also requires that such operations be compatible with the character of the neighborhood. Section 26-88-250(f) further states that such operations shall not create a public nuisance or adversely affect the health or safety of the nearby residents or businesses by creating dust, light, glare, heat, noise, noxious gasses, odor, smoke, traffic, vibration, unsafe conditions or other impacts.

Indoor cannabis cultivation, processing, and distribution operations are similar to other warehousing and processing operations in the area in that they involve large indoor production and storage areas with loading facilities, have similar employment density and hours of operation. The entire surrounding area is heavy industrial. The nearest sensitive uses are the Sonoma Country Day School, approximately 2,000 feet to the northeast and the Sonoma County Office of Education about 1,800 feet to the northwest. There are no other sensitive uses (e.g., schools, public parks, treatment facilities) within 2 miles. The nearest residential use is about 0.6 mile to the east near Highway 101. The project is compatible with other industrial uses in the vicinity.

See **Issue # 5 - Public Comment and Hearing Request** for a discussion of the hearing request citing fiscal impacts.

Impact Minimization: The Zoning Code provides a number of development criteria and operating standards intended to minimize environmental impacts. See Development Criteria and Operating Standards below for discussion of relevant sections.

Sec. 26-88-254. - Cannabis cultivation – Commercial.

(f) Development Criteria.

(3) Square Footage Limitations. The total combined square footage of the cultivation area shall not exceed the maximum size thresholds as defined in Table 1A-D Allowable Cannabis Uses and Permit Requirements which provides the maximum size per parcel.

(4) Propagation and Vegetative Production Area.

- a. Vegetative and other non-flowering propagative cannabis plant material may be cultivated for on-site use, subject to land use permit requirements as shown in Table 1A-D Allowed Cannabis Uses and Permit Requirements.*
- b. Additional propagation and vegetative production area may be considered with a use permit, not to exceed 25% of the permitted cultivation area, provided this plant material is kept in a separate, unique area away from flowering plants.*

(7) Property Setbacks- Indoor. All structures used for indoor cultivation shall comply with the setbacks for the base zone and any applicable combining zone. Structures associated with the cultivation shall not be located in the front yard setback area and shall be screened from public view. There shall be no exterior evidence of cultivation either within or outside the structure.

(9) Airport Compatibility. All cannabis operations shall comply with the Comprehensive Airport Land Use Plan.

(11) Biotic Resources. Proposed cultivation operations, including all associated structures, shall require a biotic resource assessment at the time of application that demonstrates that the project is not located within, and will not impact sensitive or special status species habitat, unless a use permit is obtained. Any proposed cultivation operation, including all associated structures, located within adopted federal critical habitat areas must have either all appropriate permits from the applicable state and federal agencies with jurisdiction over the listed species, or a biotic assessment concluding that the project will not result in "take" of a protected wildlife species within the meaning of either the federal or California Endangered Species Acts.

(19) Lighting. All lighting shall be fully shielded, downward casting and not spill over onto structures, other properties or the night sky. All indoor and mixed light operations shall be fully contained so that little to no light escapes. Light shall not escape at a level that is visible from neighboring properties between sunset and sunrise.

(21) Security and Fencing. A Site Security Plan shall be required. All Site Security Plans shall be held in a confidential file, exempt from disclosure as a public record pursuant to Government Code Section 6255(a). Security cameras shall be motion-sensor and be installed with capability to record activity beneath the canopy but shall not be visible from surrounding parcels and shall not be pointed at or recording activity on surrounding parcels. Surveillance video shall be kept for a minimum of thirty (30) days. Video must use standard industry format to support criminal investigations. Lighting and alarms shall be installed to insure the safety of persons and to protect the premises from theft. All outdoor and mixed light cultivation sites shall be screened by non-invasive fire resistant vegetation and fenced with locking gates with a Knox lock. No outdoor or mixed light cultivation sites located on parcels adjacent to public parks shall be visible from trails or public access points. Razor wire and similar fencing shall not be permitted. Weapons and firearms at the cultivation site are prohibited. Security measures shall be designed to ensure emergency access in compliance with fire safe standards. All structures used for cultivation shall have locking doors to prevent free access.

(g) Operating Standards.

(2) Air Quality and Odor. All indoor, greenhouse and mixed light cultivation operations and any drying, aging, trimming and packing facilities shall be equipped with odor control filtration and ventilation system(s) to control odors humidity, and mold. All cultivation sites shall utilize dust control measures on access roads and all ground disturbing activities.

(3) Energy Use. Electrical power for indoor cultivation and mixed light operations including but not limited to illumination, heating, cooling, and ventilation, shall be provided by any combination of the following: (i) on-grid power with one hundred percent (100%) renewable source; (ii) on-site zero net energy renewable source; or (iii) purchase of carbon offsets of any portion of power not from renewable sources. The use of generators for indoor and mixed light cultivation is prohibited, except for portable temporary use in emergencies only.

(5) Hours of Operation. Outdoor harvesting activities and indoor or mixed light cultivation and processing activities may be conducted seven (7) days a week, twenty-four (24) hours per day as needed. Deliveries and shipping, and outdoor processing activities shall be limited to the hours from 8:00 a.m. to 5:00 p.m., unless a use permit is obtained.

Square Footage Limitations: Table 1C Allowable Cannabis Uses and Permit Requirements allows a maximum indoor cultivation area of 22,000 square feet in Heavy Industrial zoning (Sec. 26-88-254(f)(3)). The proposed project includes a total indoor canopy area of 13,760 square

feet utilizing tiered racking systems within an existing 16,000 square foot industrial building, which is less than the maximum and complies with the Zoning Code.

Table 1C does not limit the size of distribution/transportation operations.

Propagation and Vegetative Production Area: Propagation and vegetative production area up to 25% of the permitted cultivation area is allowed with a use permit, provided this plant material is kept in a separate, unique area away from flowering plants. The project proposal includes 3,440 square feet of propagation area, which is equal to the maximum of 25% (3,440 sq ft of propagation for 13,760 sq ft of cultivation area) and meets ordinance requirements.

Property Setbacks: Structures used for indoor cannabis operations must comply with the setbacks contained in the base zoning, General Plan, and applicable area plans (Sec. 26-88-254(f)(7)). The most restrictive of these is the 20-foot landscaping setback from the Airport Industrial Area Specific Plan. Landscaping is proposed along the Copperhill Lane road frontage within the 20-foot setback area. The landscape proposal will be finalized through a formal Design Review process and will comply with front yard setbacks and landscaping requirements.

Airport Compatibility: The Zoning Code requires compliance with the Sonoma County Comprehensive Airport Land Use Plan (Sec. 26-88-254(f)(9)), limits land uses within Airport Safety Zones. The project site is located within the Traffic Pattern Zone (TPZ-B), which allows industrial uses with a maximum of 300 persons per acre on average with a maximum of 1,200 persons in a single acre. The operation will have a calculated average of 42 persons per acre, and a maximum of 160 persons in a single acre, based on the California Building Code maximum occupant load factor for a 16,000 square foot industrial building. Note the operator proposes a maximum of only 24 employees for the operation. Both the actual and the calculated maximum persons per acre comply with Airport Safety Zone requirements.

Biotic Resources: The Zoning Code requires that a project located within the boundary of an adopted federal critical habitat area must demonstrate compliance with applicable federal and state regulations, and must not result in take of a protected wildlife species (Sec. 26-88-254(f)(11)). The site is located within federal Critical Habitat for the California tiger salamander. However, the entire project site premise is already developed with the existing building and existing paved and graveled parking and circulation areas. The project was re-designed to relocate the controlled access security fence nearer to the building on existing pavement to provide a 50-foot buffer from potential wetland areas to the east. All operations will occur within the security fence on existing hardscape and within the existing building. The project will have no impact on biotic resources and will not result in take of a protected wildlife species, which complies with Zoning Code.

Lighting: The Zoning Code requires that lighting be fully shielded, downward casting and not spill over onto structures, other properties, or the night sky between sunset and sunrise (Sec.

26-88-254(f)(19)). Proposed security lighting is compliant and will be finalized through a formal Design Review process and will comply with Zoning Code exterior lighting requirements.

Site Security Plan: A Site Security Plan has been submitted which meets the guidelines established by Permit Sonoma in coordination with the Sheriff and Code Enforcement staff, and therefore, complies with the requirements of the Zoning Code (Sec. 26-88-254(f)(21)).

Air Quality and Odor: The Zoning Code requires that commercial indoor cultivation facilities be equipped with odor control filtration and ventilation systems (Sec. 26-88-254(g)(2)). The applicant has proposed odor control devices and techniques, including odor absorbing ventilation, an exhaust filtration system, and a negative air-pressure system, which comply with Zoning Code air quality and odor control requirements.

Energy Use: The Zoning Code requires that commercial cannabis cultivation operations be supplied by a power source that is 100 percent renewable zoning (Sec. 26-88-254(g)(3)). The applicant has provided evidence of enrollment in Sonoma Clean Power CleanStart, which complies with the Zoning Code energy use requirement.

Hours of Operation: The Zoning Code limits hours of operation for deliveries and shipping activities to the hours from 8:00 a.m. to 5:00 p.m., unless a use permit is obtained (Sec. 26-88-254(g)(5)). The applicant has proposed extended hours for the distribution operation, from 7:00 am to 9:00 pm Monday through Friday. The extended morning hours are not anticipated to have a negative impact on surrounding industrial operations, some of which also have extended hours. For example, Burgess Lumber opens at 6:30 a.m.; Lubrivan Truck Services and Western Fiberglass both open at 7:00 a.m. The industrial area is largely vacated for the day by 6:00 p.m. Staff recommends alternate extended hours to better conform to the typical operating hours of nearby businesses: 7:00 a.m. to 6:00 p.m.

Issue #4: Environmental Determination

Staff determined that the project is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15301(a) (Existing Facilities), Section 15303(e) (New Construction or Conversion of Small Structures), and Section 15304(b) (Minor Alterations to Land) as an existing industrial facility converting one use to another but involving negligible expansion of use and only minor construction, including interior tenant improvements, gates, fences, and landscaping.

Issue #5: Public Comment and Hearing Request Citing Economic Impacts

On September 10, 2018, a written hearing request citing fiscal impacts to neighboring properties was filed at Permit Sonoma by Steve Bates. On the same day, an email requesting information on how to object to the project was filed by Mary Hvasta. Both comments are from

North Bay Airport, LLC, located at 3785 Brickway Boulevard #110, an office condominium unit approximately 600 feet to the northwest of the project site. They expressed concern that their ability to lease and/or sell space in their building would be impacted by the proximity of a cannabis operation.

The cannabis ordinance provides development and operating standards for commercial cannabis activities to ensure neighborhood compatibility, minimize potential environmental impacts, provide safe access to medicine, and provide opportunities for economic development (Sec. 26-88-250). The ordinance does not explicitly define or describe what constitutes a potential environmental impact and only mentions economic development related to cannabis as a potential area of positive business development in the County.

However, use permits require a finding that the use not be detrimental to the health, safety, peace, comfort, and general welfare of persons residing or working in the neighborhood of such use, nor be detrimental or injurious to property and improvements in the neighborhood or the general welfare of the area.

Cannabis businesses in Sonoma County have not been operating under permit regulation for long enough to generate any meaningful statistical data specific to the issue of cannabis-related economics. However, commercial cannabis operations in industrial and commercial areas generally seem to have contributed to an increase in rental rates and drop in vacancy rates since the County's Cannabis Ordinance was adopted in 2016. Short-term price increases occurred immediately after cannabis legalization due to speculation in the market. Those increases have now slowed, allowing the non-cannabis business sector to rise to meet the overall market (*Cannabis commercial real estate deals slow a bit in North Bay*, North Bay Business Journal, July 30, 2018).

The Sonoma County industrial market is currently the strongest it has been in many years, especially in the Santa Rosa area. The highest industrial vacancy rate in Sonoma County is 5.8 percent in Rohnert Park; the lowest is the area between the Sonoma County Airport and Healdsburg, including the project site, at about 2 percent (*2018 Commercial Real Estate Report Forecast*, Keegan & Coppin). Within the City of Santa Rosa, industrial real estate had a 2018 first quarter vacancy rate of only 4.3 percent, down from 5.2 percent at the end of 2017 and 6.3 percent at the end of 2016, resulting in an increase in prices for both leases and sales of industrial property in 2018 (*July 2018 Cannabis Permitting Update*, Planning & Economic Development Department, City of Santa Rosa; *2018 Commercial Real Estate Report Forecast*, Keegan & Coppin). Two new 48,100 square foot industrial buildings on North Laughlin Road near Copperhill Parkway are currently under construction; one of these is already fully leased and the other is anticipated to be leased before construction completion, despite the fact that several cannabis businesses are operating in the area currently (*Housing shortage, legal*

cannabis businesses test Sonoma County's commercial property market, Press Democrat, September 1, 2018; *2018 Commercial Real Estate Report Forecast*, Keegan & Coppin).

In addition, all permitted cannabis businesses must operate according to approved site security plans (on file confidentially at PRMD), which detail security measures that must be implemented to maintain compliance with Conditions of Approval and continue operation.

STAFF RECOMMENDATION

Staff recommends approval of the Minor Use Permit subject to Conditions of Approval.

FINDINGS FOR RECOMMENDED ACTION

1. Commercial cannabis cultivation (up to 22,000 square feet of cultivation area plus up to 25% of the cultivation area for on-site propagation), distribution, and transportation operations are allowed uses with a minor use permit in Heavy Industrial (M2) zoning and the General Industrial (GI) land use designation (Sec. 26-88-250(d) Table 1C). The project is consistent with all applicable General Plan policies, including:
 - a. The General Plan requires full urban improvement standards and services for discretionary industrial projects within the Urban Service Boundary (Policy LU-16a). The project is located within the Airport Urban Service Area Boundary. Urban services will be provided for the operation through the Windsor Water District and Sonoma County Water Agency Airport/ Larkfield/Wikiup Sanitation Zone, which complies with the General Plan. Full urban improvements could also include curb, gutter, storm drain, sidewalk, parking, and bike lanes. However, there is no existing storm drain system in the area for the project to tie into. The site is not in an area where pedestrian or bike lane improvements are desirable, and on-street parking is prohibited in Heavy Industrial areas by the Airport Industrial Area Specific Plan. Therefore, these improvements are not proposed by the project, but their absence does not conflict with the General Plan.
 - b. The Sonoma County Comprehensive Airport Land Use Plan limits land uses within Airport Safety Zones. The project site is located within the Traffic Pattern Zone (TPZ-B), which allows industrial uses with a maximum of 300 persons per acre on average with a maximum of 1,200 persons in a single acre. The operation will have a calculated average of 42 persons per acre, and a maximum of 160 persons in a single acre, based on the California Building Code maximum occupant load factor for a 16,000 square foot industrial building. Note the operator proposes a maximum of only 24 employees for the operation. Both the actual and the calculated maximum persons per acre comply with Airport Safety Zone requirements.

- c. The project is an indoor operation without significant noise-generating activities, and therefore, is consistent with noise policy NE-1c.
2. The proposed cannabis operation complies with all Airport Industrial Area Specific Plan policies:
 - a. The Airport Industrial Area Specific Plan allows a 50 foot maximum building height. The existing building is approximately 31 feet tall which complies with maximum height limitation.
 - b. The Airport Industrial Area Specific Plan requires a 20-foot front yard setback and 10 percent landscape coverage. Landscaping is proposed along the Copperhill Lane road frontage within the 20-foot setback area. The landscape proposal will be finalized through a formal Design Review process and will comply with front yard setbacks and landscaping requirements.
3. The proposed cannabis operation complies with all building intensity, development criteria, and operating standards for commercial cannabis operations, and therefore, is consistent with Zoning:
 - a. The Zoning Code allows zero side and rear yard setbacks for parcels that do not abut or share road frontage with a residential zoning district (Sec. 26-48-030(f)). All adjacent parcels and all parcels sharing Copperhill Lane block frontage are industrially zoned (M2). The existing building is 100 feet or greater from both side and rear property boundaries, which complies with Zoning Code setbacks.
 - b. The Zoning Code allows 50 percent maximum lot coverage (Sec. 26-48-030(d)). The existing building is 16,000 square feet, which equates to less than five percent lot coverage for the 6.78-acre parcel. There are several other small structures on the parcel associated with the former concrete plant, which in total equal less than one percent additional lot coverage. Lot coverage complies with the Zoning Code.
 - c. The Zoning Code requires that a project located within the boundary of an adopted federal critical habitat area must demonstrate compliance with applicable federal and state regulations, and must not result in take of a protected wildlife species (Sec. 26-88-254(f)(11)). The site is located within federal Critical Habitat for the California tiger salamander. However, the entire project site premise is already developed with the existing building and existing paved and graveled parking and circulation areas. The project was re-designed to relocate the controlled access security fence nearer to the building on existing pavement to provide a 50-foot buffer from potential wetland areas to the east. All operations will occur within the security fence on existing hardscape and within the existing building. The project will have no impact on biotic resources and will not result in take of a protected wildlife species, which complies with Zoning Code.

- d. The Zoning Code requires that lighting be fully shielded, downward casting and not spill over onto structures, other properties, or the night sky between sunset and sunrise (Sec. 26-88-254(f)(19)). Proposed security lighting is compliant with Zoning Code exterior lighting requirements.
 - e. A Site Security Plan has been submitted which meets the guidelines established by Permit Sonoma in coordination with the Sheriff and Code Enforcement staff, and therefore, complies with the requirements of the Zoning Code (Sec. 26-88-254(f)(21)).
 - f. The Zoning Code requires that commercial indoor cultivation facilities be equipped with odor control filtration and ventilation systems (Sec. 26-88-254(g)(2)). The applicant has proposed odor control devices and techniques, including odor absorbing ventilation, an exhaust filtration system, and a negative air-pressure system, which comply with Zoning Code air quality and odor control requirements.
 - g. The Zoning Code requires energy use to be 100 percent renewable (Sec. 26-88-254(g)(3)). Enrollment in the Sonoma Clean Power CleanStart program has been demonstrated, which complies with Zoning Code.
4. The design, location, size, and operating characteristics of the use are considered compatible with the existing and future industrial land uses within the vicinity. The use would not be detrimental to the health, safety, peace, comfort, and general welfare of persons residing or working in the neighborhood of such use, nor be detrimental or injurious to property and improvements in the neighborhood or the general welfare of the area. The following facts support this finding: 1) The entire surrounding area is heavy industrial; 2) The nearest sensitive uses are the Sonoma Country Day School, approximately 2,000 feet to the northeast and the Sonoma County Office of Education about 1,800 feet to the northwest. There are no other sensitive uses (e.g., public parks, treatment facilities) within 2 miles. The nearest residential use is about 0.6 mile to the east near Highway 101; 3) Indoor cannabis cultivation, processing, and distribution operations are similar to other warehousing and processing operations in the area in that they involve large indoor production and storage areas with loading facilities, have similar employment density and hours of operation; 4) Vacancy rates have declined and lease rates increased in other Santa Rosa industrial areas where cannabis has been permitted; 5) Hours of operation for deliveries and distribution activities shall be limited to 7:00 AM to 6:00 PM Monday through Friday; 6) All project structures and cultivation areas shall be screened from public view by landscaping along the Copperhill Lane road frontage; 7) Airport Safety Zone compatibility shall be maintained at less than 300 persons per acre on average and less than 1,200 persons in a single acre; 8) Exterior lighting shall be downward casting and fully-shielded; 9) Odor control ventilation and filtration systems shall be operated and maintained at all

times; 10) Security measures shall be implemented to uphold the health, safety, peace, comfort, and general welfare of persons residing or working in the neighborhood of such use; 11) No public access or retail sales shall be permitted; 12) No hazardous materials shall be stored on site; 13) All equipment shall be in compliance with the General Plan Noise Standard; 14) All energy will be 100% renewably sourced from Sonoma Clean Power.

5. The project is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15301(a) (Existing Facilities), Section 15303(e) (New Construction or Conversion of Small Structures), and Section 15304(b) (Minor Alterations to Land) as an existing industrial facility converting one use to another but involving negligible expansion of use and only minor construction, including interior tenant improvements, gates, fences, and landscaping.

LIST OF ATTACHMENTS

- EXHIBIT A: Draft Conditions of Approval
- EXHIBIT B: Site Plan, 3/14/2018
- EXHIBIT C: Floor Plan, 11/30/2018
- EXHIBIT D: Vicinity Map
- EXHIBIT E: Aerial Map
- EXHIBIT F: General Plan Land Use Map
- EXHIBIT G: Zoning Map
- EXHIBIT H: Hearing Request, 9/10/2018
- EXHIBIT I: Draft Resolution
- EXHIBIT J: Economic development sources:

Cannabis commercial real estate deals slow a bit in North Bay, North Bay Business Journal, July 30, 2018.

July 2018 Cannabis Permitting Update, Planning & Economic Development Department, City of Santa Rosa.

2018 Commercial Real Estate Report Forecast, Keegan & Coppin.

Housing shortage, legal cannabis businesses test Sonoma County's commercial property market, Press Democrat, September 1, 2018.