



## Sonoma County Board of Zoning Adjustments STAFF REPORT

**FILE:** UPC18-0006  
**DATE:** July 11, 2019  
**TIME:** 1:20 PM  
**STAFF:** Alberto Santos-Davidson, Contract Project Planner

**Appeal Period:** 10 calendar days

### SUMMARY

**Applicant:** Alexander Schmitt, Nash 1, LLC

**Owner/Operator:** Alexander Schmitt, Nathaniel G. Kelly

**Property Owner:** Henry Schmitt, WLU, LLC.

**Location:** 3635 Standish Avenue, Santa Rosa

**APN:** 134-102-077

**Supervisory District No.:** 5

**Subject:** Use Permit

**Proposal:** Request for a five-year limited-term Minor Use Permit for a cannabis manufacturing, distributing, and transporting facility, totaling 7,226 square feet, within an existing 13,500-square-foot structure on a 0.78-acre parcel. A total of 2,784 square feet of the building will be used for cannabis manufacturing including storing, packaging, and distilling; including a commercial kitchen and two freezers. Approximately 2,413 square feet of the building will be used for offices, restrooms, break rooms, circulation, vestibules, and a conference room. The remaining 2,029 square feet of the building will be a distribution area. The project will have a total of 12 employees and will operate seven days a week, from 8:00 AM to 8:00 PM. Delivery and shipping activities are limited to the hours of 8:00 AM to 5:00 PM seven days a week.



**Environmental**

**Determination:** Categorically exempt per Section 15301 (Existing Facilities) as an existing industrial facility converting one use to another and involving only minor interior construction for tenant improvements.

**General Plan**

**Land Use:** General Industrial (GI)

**Specific/Area Plan:** South Santa Rosa Area Plan

**Land Use:** General Industrial

**Zoning:** Heavy Industrial (M2), 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

**Land Conservation**

**Contract:** NA

**Application**

**Complete for**

**Processing:** July 19, 2018

**RECOMMENDATION:** Recommend that the Board of Zoning Adjustments approve the request, with conditions, for a five-year limited-term Minor Use Permit for a cannabis manufacturing, distribution, and transportation operation, with related offices and administration areas, totaling 7,226 square feet, within an existing 13,500-square foot structure on a 0.78-acre parcel zoned Heavy Industrial (M2).

**EXECUTIVE SUMMARY:** Staff is recommending approval of the cannabis five-year limited-term Minor Use Permit application because:

- 1) Commercial cannabis manufacturing, distribution, and transportation are allowed uses in the Heavy Industrial zoning district and General Industrial land use designation;
- 2) The proposed project meets the commercial cannabis development criteria and operating standards of the Sonoma County Municipal Code, Section 26-88-250 through 254, through compliance with recommended conditions of approval; and
- 3) The design, location, size, and operating characteristics of the project are considered compatible with the neighborhood and surrounding land uses in the vicinity.

The project has been analyzed pursuant to the California Environmental Quality Act (CEQA) and CEQA Guidelines and staff has determined that it would be categorically exempt under Section 15301 (Existing Facilities) in that it would involve reuse of an existing structure.

### **ANALYSIS**

#### **Background:**

Regulations. In October 2015, the Governor signed three bills into law collectively known 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 (No. 6245), 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 February 16, 2018, a Minor Use Permit application was submitted for Indoor Manufacturing, Distribution, and Transportation. The applicant did not enroll in the penalty relief program and is not currently operating.

On July 19, 2018, Permit Sonoma deemed the application complete for processing. Additional supporting documentation was received up until February 19, 2019.

On February 11, 2019, Permit Sonoma sent notification of the proposed project to neighboring properties within 300 feet of the parcel boundaries. One comment was received inquiring whether a public hearing would occur.

#### **Property and Business Ownership:**

The applicant for the project is Nash 1, LLC. Per the Articles of Incorporation and Statement(s) of Information submitted under this application, Nash 1, LLC membership is comprised of Alexander Schmitt and Nathaniel G. Kelly.

Per property ownership documents submitted to Permit Sonoma, the subject property is owned by WLU, LLC, which in turn is owned by Henry Schmitt.

**Site Characteristics:** The parcel is located in an industrially developed area to the south of Santa Rosa and west of Highway 101 (Redwood Highway), on the west side of Standish Avenue between West Robles Road on the north and Todd Road on the south (see Exhibit D–Vicinity/Aerial Map).

The site is fully developed with an existing industrial warehouse use and is 0.78 acres in size. There is a 19-space parking lot which has access from Standish Avenue on the southeastern portion of the lot. This parking lot is shared with the property and building directly to the south of the subject site.

The site is currently in use as a commercial warehouse with two loading bays and on-site parking. It contains an L-shaped one-story 13,500 square foot metal-sided building. The proposed areas for manufacturing, distribution, and transportation are currently in use for other industrial or commercial uses. The building is currently used for vehicle storage. There are currently five entrances and exits to the building through conventional doorways as well as one small roll up door and two large roll up doors leading to two loading bays. After construction, the remainder of the building not utilized for the cannabis operation will continue to be used for vehicle storage.

### **Project Description**

The applicant requests a five-year Limited-Term Use Permit for 7,226 square feet of commercial cannabis manufacturing, distribution, and transportation within an existing 13,500 square foot building. The Cannabis Ordinance defines those uses as follows:

- **Cannabis Manufacturing:** All aspects of the extraction process, infusion process, and packaging and labeling processes, including preparing, holding, or storing of cannabis products. Manufacturing also includes any preparing, holding, or storing of components and ingredients.
- **Cannabis Distribution:** The procurement, sale, and transport of cannabis and cannabis products between licensees.
- **Cannabis Transport:** The physical movement of cannabis or cannabis products from one licensed premises to another licensed premises.

**Description of Manufacturing:** The manufacturing use will include extraction, distillation, and production of edible cannabis products. Manufactured cannabis is raw cannabis that has undergone a process whereby the raw agricultural product has been transformed into a concentrate, an edible product, or a topical product. The applicant/operator will use chilled

ethanol extraction and distillation processes to manufacture the raw cannabis from plant into concentrate form and will create edibles within a commercial kitchen. This use permit shall allow the applicant/operator to produce, prepare, or compound manufactured medical or adult use cannabis, or medical or adult use cannabis products either directly or indirectly by extraction methods, or independently by means of chemical synthesis or by a combination of extraction and chemical synthesis at a fixed location that packages or repackages medical or adult use cannabis or products, or labels or relabels its container at the project site.

Description of Distribution/Transportation: The distribution and transportation uses will entail the procurement, sale, and transport of cannabis and cannabis products between licensees as defined by Business and Professions Code Section 26001(r). This use permit does not allow any retail sales on-site or the delivery of medical cannabis to patients or the public.

Size of Operation: The cannabis uses will total approximately 7,226 square feet, in an existing building of 13,500 square feet on a 0.78-acre property zoned M2 (Heavy Industrial). The operation shall be located in one multi-unit concrete warehouse. The total area of rooms will be used for:

- Cannabis manufacturing, approximately 2,941 square feet.
- Cannabis distribution and transportation, approximately , 2,029 square feet
- Remaining 2,413 square feet of the building will be offices, break rooms, restrooms, closets, utility rooms, etc. (see Exhibit C – Proposed Floor Plan).

The use shall be operated in accordance with the proposal statement and operational plan located in File # UPC18-0006, as modified by these conditions. The applicant is not currently operating.

#### Manufacturing

Applicant proposes to use 2,941 square feet of the facility for manufacturing uses, which will include extraction, distillation, and production of edible cannabis products (*See attached Site Plans*). The specific rooms are as follows:

ROOM LABEL	ROOM SIZE (Square Feet)
Distillation	594
Distillation Mezzanine	157
Walk-In Freezer	81
Freezer	134
Commercial Kitchen	312
Manufacturing #2	199
Packaging	240
Storage	1,224
<b>TOTAL MANUFACTURING SPACE</b>	<b>2,941</b>

*Note:* The Distillation Mezzanine will be used as additional distillation space, with a bird's eye view of the Distillation room below. All activities within the Distillation room can be monitored from the Distillation Mezzanine.

Tenant Improvements: Proposed interior tenant improvements would include construction of internal walls, installation of odor-controlling ventilation and filtration systems, and an upgraded building security system. After the construction, the existing building would be split

up creating two separate tenant spaces. One space would continue to be used for vehicle storage and the other would be for the cannabis operation. Each use would have access to one of the two existing roll up bay doors.

In order to enhance security, staff has required an additional demising wall be constructed (refer to Condition No. 24). The demising wall shall be constructed within the loading area before the first door on the right, labeled as door 4 on the building plans. This provides sufficient space for two vehicles to be loaded while not providing people a view all the way into the back of the operation and limits the possible detection of this being a cannabis operation.

Hours of Operation: Operations are proposed to be seven days a week between the hours of 8:00 AM and 8:00 PM. Delivery and shipping activities are limited to the hours of 8:00 AM to 5:00 PM seven days a week.

Employees: The operation will employ up to 12 employees, all of whom will be 21 years of age or older.

Waste Management:

All garbage and refuse generated by the applicant at the project site will be stored in non-absorbent, water-tight, vector-resistant, durable, easily cleanable, galvanized metal or heavy plastic containers with tight-fitting lids. No refuse container used will be filled beyond the capacity to completely close the lid. Garbage and refuse on the site will be stored for no more than seven calendar days and shall be properly disposed of before the end of the seventh day in a manner prescribed by the Solid Waste Local Enforcement Agency.

All waste will be disposed of in accordance with local and state codes, laws, and regulations. The applicant/operator will recycle or properly dispose of all plastic bags, containers, and manufacturing materials. Green waste will be properly disposed of in a manner that does not discharge pollutants to a watercourse.

Cannabis Waste Management

All cannabis products and associated product waste will be stored and secured in a manner that prevents diversion, theft, loss, hazards and nuisance. Cannabis plant waste will be secured in a manner to prevent access from the public and hauled off the Subject Property and disposed of by the applicant and his employees.

The applicant will also implement inventory controls and loss documentation procedures in compliance with the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) and other County requirements. This includes the disposal of any cannabis waste products as required under MAUCRSA. A web-based inventory control system will be accessible upon demand to assist the County of Sonoma and the State of

California with any statutory requirements needed to implement a track and trace program.

All cannabis products produced, manufactured, or distributed through the facility will be inventoried into the system, including the employees' identification number, date, time, quantity, and any other required data. The facility will also have several safes and a secured refrigerated container installed to ensure product security.

The health department requires any waste containing cannabis be made unusable and unrecognizable prior to leaving the licensed premises by grinding and incorporating the cannabis waste with non-consumable, solid wastes (Refer to Condition No. 60)

#### Non-Cannabis Waste

Non-cannabis waste will include items, such as gloves, paper towels, and other disposable items that do not contain cannabis products or byproducts. This waste will be placed into opaque trash bags for visual verification of contents prior to disposal. All dumpsters and trash receptacles will be securely controlled and monitored by the applicant/operator. The opaque trash bags will further enable the security personnel to prevent theft, loss and diversion by allowing visual inspection of waste prior to its placement in a dumpster. Dumpsters will be locked and controlled by the applicant/operator.

#### Odor Control

The applicant's facility will maintain an environment free from offensive or objectionable noise, dust, odor or other nuisances. The odor at the site will be controlled by a carbon filtration system, making the odor of cannabis undetectable from outside of the structure. Pursuant to Sonoma County Code Section 26-88-254 (G)-Operating Standards, the applicant/operator will have odor control devices and techniques including sufficient odor absorbing ventilation, an exhaust filtration system, and a negative air-pressure system. Specifically, the applicant/operator will maintain an exhaust air filtration system with odor control that prevents internal odors from being emitted externally and an air system that creates negative air pressure between the interior and exterior building so that the odors generated inside are not detectable on the outside of the building.

The applicant has stated that they will work with a team of contractors and engineers to build a system for odor control that will include the most up-to-date carbon filters in line with industry standards. The applicant will ensure this system is overbuilt so that no odors are detectable outside of the facility. The applicant plans to use a local company, "Moore Solar Heating and Cooling," to install the HVAC system that will be used in conjunction with the carbon filters to move and clean the dirty air and replace it with fresh, odorless air at the necessary rates. The applicant will also work closely with their Industrial Hygienist, Michael Polabla, from Biomax

Environmental Incorporate to ensure all equipment is installed according to State and County specifications.

**Surrounding Land Use and Zoning:** Land uses directly abutting the subject parcel and in the general vicinity are also zoned Heavy Industrial (M2) and include a variety of operations such as Superior Pool Products LLC, Sonoma Valley Foods, Santa Rosa Diesel Inc., and North Bay Credit Union.

Across Standish Avenue to the east is the New Directions School, a non-public school serving students in grades 5<sup>th</sup> – 12<sup>th</sup>. In addition, some children may stay at the school overnight. This parcel is also zoned for industrial uses. Further discussion of the school is included under Neighborhood Compatibility in the Discussion of issues below.

### **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.*

#### **Staff Analysis:**

The proposed project will not result in the disturbance of any land. The proposed uses are considered compatible with the General Plan designation as they involve the production of products and ancillary uses to support this production. Cannabis manufacturing, distribution, and transportation 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 zoned areas 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 warehouse is currently serviced by City of Santa Rosa municipal water and sewer. Urban services are provided for the operations of the proposal, which complies with the General Plan.

Maximum lot coverage shall not exceed 50 percent of the site. The existing one-story building is approximately 13,500 square feet in size, which is approximately 40% lot coverage for the 0.78-acre parcel.

Maximum building height shall not exceed 65 feet. The existing warehouse is only one story (except for a mezzanine in part of the building) and 20 feet tall at the highest point.

Development shall be compatible with the environment, urban services, and adjacent land uses. The entire area surrounding the site is heavy industrial. The nearest sensitive use is the New Directions School located across Standish Avenue from the subject site. The Cannabis Ordinance and the General Plan do not require any setbacks between cannabis manufacturing, distribution, or transportation uses and schools. The Amarosa Academy is approximately 2,400 feet to the north. Bellevue Elementary School is approximately 3,800 feet to the north-west. Lower Colgan Creek Park is planned to be approximately 4,000 feet to the north. Elsie Allen High School is approximately 5,100 feet to the north-west. Taylor Mountain Elementary School is approximately 5,000 feet to the north-east. The Hunter Creek Class I Bikeway is approximately 4,200 feet to the south-east.

There are no other sensitive uses (e.g., public parks, treatment facilities) within two miles of the site. The design, location, and size of the existing warehouse 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 the use, nor will the project 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 site is currently served by urban services.

**Issue #2: South Santa Rosa Specific Plan**

The proposed cannabis operation is within the South Santa Rosa and Environs Planning Area and is designated General Industrial. The South Santa Rosa Area Plan requires compatibility with existing and projected surrounding land uses (Commercial and Industrial Goal 1). The South Santa Rosa Area Plan (Commercial and Industrial Policy 2) also requires that commercial and industrial land uses be located where public sewer and water are available.

The proposed use will not alter the visual character of the area as no exterior changes are proposed to the existing building and therefore complies with Commercial and Industrial Goal 1. The intensity of the proposed use would be comparable to other industrial uses in the area, and it is not expected to generate high levels of noise or vehicle traffic. Odor control measures would be implemented to prevent cannabis odors from escaping the building. Public sewer and water are available at this site and therefore complies with Commercial and Industrial Policy 2.

**Issue #3: Zoning Consistency****I) Cannabis Ordinance -**

The applicant has requested a Minor Use Permit for a cannabis manufacturing, distribution, and transportation use within the Heavy Industrial (M2) zone. These commercial cannabis uses are allowed in the M2 zoning district, pursuant to Sonoma County Code Section 26-88-250 as outlined in Table 1C: Allowed Cannabis Uses and Permit Requirements for Industrial Zones. Table 1C shows that Manufacturing, Distribution, and Transportation uses are allowed within the M2 zoning district.

In addition, Sonoma County Code Section 26-88-250 subsections (a) through (p) outline the development and operating standards for commercial cannabis uses including limitations on use, operator qualifications, and operational requirements. These requirements are in addition to those established by the base zoning district (M2 Heavy Industrial District) which are discussed below.

**Staff Analysis:**

The proposed uses comply with ordinance requirements listed above.

**II) Article 48. M2 Heavy Industrial District**

Section 26-48-020(z) of Article 48 allows commercial cannabis operations that are in compliance with Sections 26-88-250 through 26-88-256. As such, the applicant is requesting a limited-term five-year minor use permit for an indoor cannabis manufacturing, distribution, and transportation facility. Under the Cannabis Ordinance, manufacturing and distribution areas do not have square-footage limitations.

The site's base zoning designation is Heavy Industrial (M2). Per the development standards for the M2 zone, all structures shall comply with the following:

- 1) Building Intensity: Maximum building height limit multiplied by the maximum lot coverage.
- 2) Height Limit: Sixty-five feet (65')
- 3) Minimum Lot Size: 20,000 square feet
- 4) Maximum Lot Coverage: Fifty percent (50%)
- 5) Minimum Lot Width: Not less than eighty feet (80')
- 6) Yard Requirements: None, except where the lot lines abut a lot in an R district.
- 7) Parking Spaces: Parking shall be provided in accordance with the standards established in Sonoma County Code Article 86.

The project conforms to the building intensity and development criteria for the property as follows:

- 1) Building Intensity: The proposed project will not expand the existing 13,500 square foot building.
- 2) Height Limit: The existing building is below the 65-foot limit.
- 3) Minimum Lot Size: The subject site is 0.78-acres, exceeding the minimum lot size of 20,000 square feet.
- 4) Maximum Lot Coverage: The maximum lot coverage is 50%. The existing 13,500 square foot building is below this maximum. No expansion of the building is proposed as part of this project.
- 5) Minimum Lot Width: The subject site has a lot width of approximately 218 feet, which is above the minimum of 80 feet.
- 6) Yard Requirements: The property is not located on a block that contains residential zoning so there is no minimum setback from front side or rear property lines.
- 7) Parking Spaces: The project site utilizes a parking lot that is shared with the building directly to the south. This parking lot includes 42 parking spaces. Of those 42 spaces, 20 are on the subject property. The proposed parking complies with the County parking standards and would be adequate for the demand generated by the 12 employees, as well as periodic delivery functions.

The proposed project is consistent with the building intensity and development criteria established by the Sonoma County Code Title 26 for a cannabis manufacturing, distribution, and transportation operation subject to Use Permit approval in the M2 Zoning District.

### **III) Cannabis Setbacks –**

Cannabis cultivation operations for commercial use are subject to the Zoning Code requirements of Sections 26-88-250 through 26-88-254 which include additional setbacks over the base zoning district. As the applicant proposes only indoor manufacturing, distribution, and

transportation they are not subject to the setback requirements in Sonoma County Code Section 26-88-245.

**Staff Analysis:**

The proposed uses are not subject to additional setbacks over those of the base zoning district.

**IV) Valley Oak Habitat (VOH) –**

The subject property is located in a Valley Oak Habitat Combining Zone. Per Article 67 of the County Code, the intent of this combining zone is to protect and enhance Valley Oak and Valley Oak Woodland habitats. Per this section of the County Code, any proposed removal of valley oak habitat should be mitigated through measures listed in Section (Table) 26-67-030.

**Staff Analysis:**

There would be no tree removal proposed as part of the project and there are no exterior improvements proposed as part of this project which could impact trees.

**Issue #4: Security**

In adopting the Cannabis Ordinance, the Board of Supervisors found that security issues could be addressed through compliance with the Security and Fencing requirements reviewed and approved as part of a project. In order to make the security measures difficult to defeat, part of the security protocol requires security plans to remain confidential:

**(16) Security and Fencing.** *A Site Security Plan shall be required subject to review and approval by the Permit and Resource Management Department. 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 30 days. Video must use standard industry format to support criminal investigations. Motion-sensor 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 native, fire resistant vegetation and fenced with locking gates consistent with height limitations of Section 26-88-030. Fencing shall be consistent with the surrounding area and shall not diminish the visual quality of the site or surrounding area. Razor wire and similar fencing is discouraged and 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.*

**Staff Analysis:**

The project's Security Plan fully complies with the above security standards relating to manufacturing, distribution, and transportation. The operation shall maintain all aspects of the approved site security plan which is held confidentially at Permit Sonoma.

The Security Plan has been designed to keep the workforce and the community safe through deterrence and prevention of unauthorized entrance into the facility, and especially into areas containing cannabis and cannabis products. The applicant will accomplish this using exterior lighting, video surveillance, monitored alarm systems, compliance with track-and-trace requirements, secured waste handling procedures, and emergency planning tactics, among other measures. The applicant has stated that they will keep security video footage for longer than the required 30 days. They have also already filled out the State's Security questionnaire and submitted it as part of their application. Completion of this questionnaire is a requirement for obtaining a State License but the applicant has chosen to submit this information to Permit Sonoma as well.

In the questionnaire the applicant provided detailed information about who is responsible for implementing the security procedures and how they will ensure that procedures are adhered to. Applicant also provided information on the specific security system and company they have contracted with. The answers to the questionnaire also include details on employee badges, keys, etc and procedures to be followed in case of employee termination. This additional information shows the applicant has a thorough security plan in place.

Proposed on-site security measures are robust and would go above and beyond the requirements detailed in the Cannabis Ordinance. Condition of Approval No. 15 will limit cash retained at this site to the minimum needed for daily operations. Condition of Approval No. 25 will require door intercoms to utilize both video and audio so that the operator can see and hear who is outside before opening the door. Conditions of Approval No. 23 and 24 require the loading and unloading of cannabis products to occur indoors and to further divide the loading area to increase security.

**Issue #5: Health conditions**

This Cannabis operation will involve the production of cannabis products intended for ingestion, commonly referred to as edibles. Because of this, the applicant is required to obtain a Food Industry Permit from the Environmental Health Division of the Health Services Department (Condition of Approval 61). Obtaining the permit will require the applicant to comply with rules and regulations to ensure the safety of those who eat edible cannabis products manufactured by this operation.

**Issue #6: Odor**

Odor control and management measures would meet all requirements outlined in Section 26-88-254(g)(2) of the Cannabis Ordinance. The operation would be entirely indoors and would include a negative pressure air filtration/odor control system. A negative pressure air filtration system works by sucking all air from the building and passing it through filters before air is released outside again. This means that air is drawn into the building through any small openings in the building (e.g., gaps under or around doors, windows with imperfect seals, etc.) and therefore odor does not escape from the building. A negative pressure system is highly effective in ensuring that all air containing cannabis odors passes through a filter/scrubber before being released to the environment. This is the type of ventilation system used by hospitals for rooms where they quarantine extremely contagious patients. The odor control systems implemented will ensure that off-site odor, originating from the operation, would not be detectable.

#### **Issue #7: Neighborhood Compatibility**

Findings on the design, location, size, and operating standards are used to evaluate the project's neighborhood compatibility. These findings are used to determine if the proposed project/use would be detrimental to the health, safety, peace, comfort, and general welfare of persons residing or working in the neighborhood. This determination does not require that there be an environmental impact to prove the project or use may be detrimental.

#### **Staff Analysis:**

A number of standards, conditions, and project components would address potential neighborhood compatibility issues, as described below:

- As noted above, security measures will be robust and will deter potential theft and other crime.
- All exterior lighting will be required to be downward casting and to not project onto neighboring properties or the night sky.
- Traffic to and from the site is expected to be comparable to other industrial uses in the area.

The proposed project is across the street from the New Directions School, a non-public school serving students in grades 5th – 12<sup>th</sup>. Staff understands that this school specifically works with children who have social/emotional issues and have had difficulty in school due to experiencing trauma, and who need the support of a small school environment with intensive counseling support. According to the Sonoma County Office of Education, the school also houses students placed by school districts when a student exhibits advanced psychological or sociological behaviors that cannot be treated at home or through outpatient care. While some students may leave the site during the day to attend classes off-site, other students remain at the site all

day for their general care and education. In addition, some students may spend the night on-site as well.

The proposed cannabis business will not include any signage or any other external evidence that cannabis manufacturing, distribution, and transportation is occurring inside. The applicant has provided a robust security plan going above the minimum requirements established by the ordinance, and conditions of approval further restrict how and where loading and unloading will occur will help ensure that the site is secure and is less likely to be detected as a cannabis operation. The site will not be open to the public and the operation is not authorized to sell cannabis directly to the public.

These provisions, along with the other items required for compliance with the Cannabis Ordinance, summarized in this report, will help to ensure that the project and proposed use is compatible with the surrounding neighborhood.

#### **Issue #8: Traffic**

On March 30, 2018 Caltrans responded to the referral requesting Travel Demand Analysis be performed to analyze project-related trip generation and its effects on the US101/Todd Road on and off-ramps. The applicant performed the analysis which concluded that compared to the existing use, the proposed project would result in a net increase of four trips during each of the morning and evening peak hours. If developed under its full potential for light industrial uses, the space would be expected to generate eight more daily trips, with one more trip during the morning peak hour and one less trip during the evening peak hour, when compared to the proposed use. Based on the minimal number of new peak hour trips expected to be generated by the proposed project, and the fact that the intersections of Todd Road with the US 101 North and South Ramps are currently operating acceptably, it is reasonable to conclude that the change in land use would have a less-than-significant impact on traffic operation.

#### **STAFF RECOMMENDATION**

Staff recommends approval of the Minor Use Permit subject to Conditions of Approval for a five-year Limited-Term Cannabis Manufacturing, Distribution, and Transportation operation.

#### **FINDINGS FOR RECOMMENDED ACTION**

1. General Plan Consistency: The proposal is consistent with the overall goals, objectives, policies, and programs of the General Industrial General Plan designation because:
  - a. Commercial cannabis manufacturing, distribution and transportation is compatible with the surrounding environment, urban services and adjacent land uses;
  - b. The project is consistent with the development intensity criteria of the Heavy Industrial (M2) designation; and

- c. The project is located on property that is within an urban service area, has public services, has convenient access to collector roads, is located near population concentrations, is not subject to flooding or geologic hazards, and complies with the land use policies of the General Industrial Land Use Designation.
2. South Santa Rosa and Environs Planning Area Consistency: The proposal is consistent with the overall goals, objectives, and policies of the General Industrial designation within the Santa Rosa and Environs Plan because:
  - a. The proposed use will not alter the visual character of the area as no exterior changes are proposed to the existing building.
  - b. The intensity of the proposed use would be comparable to other industrial uses in the area, and it is not expected to generate high levels of noise or vehicle traffic.
  - c. Public sewer and water are available at this site.
3. Zoning Consistency: The proposal is consistent with the Heavy Industrial District (M2) Zoning Classification, because:
  - a. The proposed cannabis manufacturing, distribution and transportation uses are allowable uses in the Heavy Industrial Zoning District, pursuant to the Sonoma County Code Sections 26-48-020 and 26-88-250 through 258;
  - b. The proposed project complies with the building intensity and development criteria established for the M2 Zone in Sonoma County Code Section 26-48-030;
  - c. The proposed project will satisfy the Cannabis Ordinance operational requirements established by Sections 26-88-250 through 26-88-254 of the Sonoma County Code.
  - d. The establishment, maintenance or operation of the use for which application is made will not, under the circumstances of this particular case, 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.
  - e. The design, location, size, and operating characteristics of the use are compatible with the existing and future land uses within the M2 Zoning District and on adjoining property that are zoned for Heavy Industrial uses because:
    - i. Hours of operation for manufacturing shall be from 8 AM to 8 PM seven days a week;
    - ii. Hours of operation for delivery and shipping activities shall be limited to 8:00 AM to 5:00 PM;
    - iii. While there are sensitive uses in the vicinity, there are no setback requirements in the ordinance and the applicant has agreed to additional conditions of approval which restrict the operation beyond what is required by the cannabis ordinance;

- iv. Security measures will be implemented to uphold the health, safety, peace, comfort, and general welfare of persons residing or working in the project area;
  - v. No public access or retail sales are permitted;
  - vi. No hazardous materials are proposed and chemicals used for manufacturing will be stored within a chemical storage room which will comply with all applicable state and county regulations;
  - vii. All equipment shall comply with General Plan Noise Standards;
  - viii. All energy will be renewably sourced or offset from Sonoma Clean Power; and
  - ix. The project includes an Odor Control Plan that establishes systems and management practices that will reduce the potential for air quality and odor issues outside of the building.
4. The proposed project has been reviewed for compliance with the California Environmental Quality Act (CEQA) and it has been determined that the project is categorically exempt from the provisions of the CEQA Guidelines pursuant to the Provisions of Title 14 of the California Administrative Code, Section 15301 (Existing Facilities) in that it involves the permitting of a cannabis manufacturing, distribution, and transportation operation that will operate within the confines of an existing industrial building (warehouse). The project involves only interior alterations and negligible or no expansion of the existing or former uses. The warehouse structure can accommodate the proposed manufacturing, distribution, and transportation operation with minor tenant improvements. There is no reasonable possibility that the project will have a significant effect on the environment due to unusual circumstances (15300.2).
5. 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 surrounding area is in similar industrial use; 2) Indoor cannabis manufacturing, distribution and transportation 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; 3) Vacancy rates have declined and lease rates increased in other Santa Rosa industrial areas where cannabis has been permitted; 4) All project cannabis activity areas will be interior and will not be visible from outside the building; 5) Exterior lighting shall be downward casting and fully-shielded; 6) Odor control ventilation

and filtration systems shall be operated and maintained at all times; 7) 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.

## **LIST OF ATTACHMENTS**

- EXHIBIT A: Draft Conditions of Approval
- EXHIBIT B: Use Permit application and Proposal Statement
- EXHIBIT C: Vicinity Map
- EXHIBIT D: Aerial Map
- EXHIBIT E: General Plan Land Use Map
- EXHIBIT F: Zoning Map
- EXHIBIT G: Site Plan
- EXHIBIT H: Building Plans/Floor Plans
- EXHIBIT I: Exhaust Filter Information
- EXHIBIT J: Cannabis Traffic Generation form
- EXHIBIT K: Cannabis Trip generation and Travel Demand Analysis
- EXHIBIT L: Land Use Table
- EXHIBIT M: Draft Resolution