

REPORT TO THE CITY COUNCIL



DATE: October 17, 2017

TITLE: Conditional Use Permit No. 17-17 and Tentative Parcel Map No. 37158, Proposing the Development of Various Medicinal Marijuana Structures Totaling Approximately 219,000 Square Feet (SF) on a Portion of the 153.71 Acre Site Located on the East side of Indian Canyon Drive Between 18th and 19th Avenues in the L-I (Light Industrial) Zone (Applicant: Kenny Dickerson, Coachillin' Holdings, LLC)

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Reviewed by: Scott Taschner, Senior Planner; and
Daniel Porras, Community Development Director

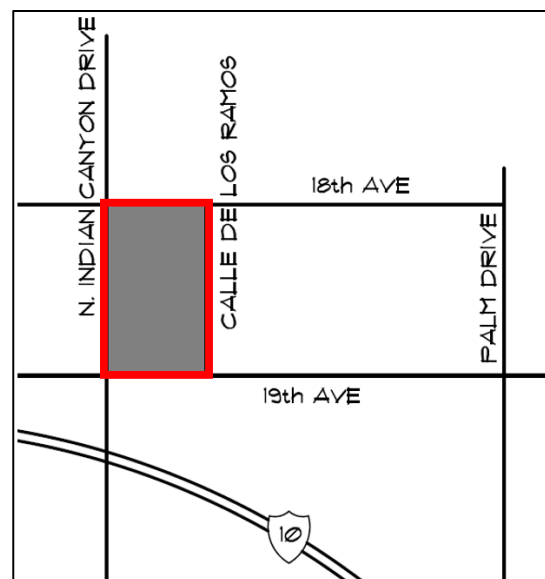
RECOMMENDATION

- 1) Staff Report;
- 2) Entertain Questions of Staff from City Council;
- 3) Open the Public Hearing;
- 4) Take Testimony from Applicant;
- 5) Take Public Testimony;
- 6) Opportunity for Applicant Rebuttal;
- 7) Close the Public Hearing;
- 8) City Council discussion and questions to Staff; and
- 9) A recommendation from the Planning Commission for: 1) Adoption of the Addendum / Mitigated Negative Declaration for the Coachillin' Cultivation and Ancillary-Canna Business Park Project; and 2) Approval of Conditional Use Permit No 17-17; and 3) Approval of Tentative Map No 37158 - for the development of various medicinal marijuana structures totaling approximately 219,000 square feet in the L-I (Light Industrial) District. APN 666-340-004, -006.

DISCUSSION

EXECUTIVE SUMMARY

The applicant, *Coachillin' Holdings, LLC*, has filed a Conditional Use Permit (CUP), and Tentative Parcel Map (TPM) for the construction of a new medical marijuana testing/processing facility and temporary cultivation facilities on a 11.94-acre site located on the southeast corner of the proposed Blue Dream Crossing and Coachillin' Way. The development will consist of a permanent 40,630 square foot lab facility structure, with 178,600 square feet for temporary prefabricated medicinal marijuana cultivation facilities. Street improvements, on-site parking, and landscaping are also proposed. The entire TPM project site will be secured by wrought iron and tan precision block wall perimeter fencing.



PRIOR ACTIONS

On July 11, 2017, the Planning Commission conducted a public hearing and adopted a motion to recommend to the City Council approval of the Conditional Use Permit and Tentative Parcel Map.

TENTATIVE PARCEL MAP

The Tentative Parcel Map proposes to subdivide 153.71 gross acres into forty-three (43) parcels. In addition to creating 13 lettered lots for street purpose and 3 parcels designated as retention basins. The overall Tentative Parcel Map will be used for the future development of the Coachillin Specific Plan.

PROJECT PHASING

Construction of the Conditional Use Permit project site is proposed in one (1) phase.

TRUCK CIRCULATION AND ACCESS

Ingress and egress to the site will be provided from two driveways, one accessing Coachillin Way north of the project site and the other accessing Blue Dream Crossing west of the project. Semi-trucks/tractor trailers will be able to safely enter and maneuver within the project site. The project will provide temporary parking for semi-trucks/tractor trailers and will provide various roll-up doors large enough for box-sized trucks to enter the building on the west and south elevations of the permanent structure (Exhibit 4). The project will provide adequate parking for the proposed uses.

EMPLOYMENT

The applicant has estimated that the CUP project site will employ 102 full time employees.

FISCAL IMPACT

The proposed permanent lab facility will utilize 29,587 square feet for the extraction and processing of medicinal marijuana and temporary structures will utilize 178,680 square feet for the cultivation of medicinal marijuana for a total of 208,267 square feet for medical marijuana uses. This will annually contribute \$25 per square foot for the first 3,000 square feet (**\$75,000**), and then \$10 per square foot for the remaining space (**\$2,052,670**); for a total annual medicinal marijuana cultivation tax of **\$2,127,670** after it is operational.

ENVIROMENTAL ANALYSIS

In accordance with the provisions of the California Environmental Quality Act ("CEQA"), an Initial Study has been prepared which has determined that development of the proposed medical marijuana testing and cultivation facilities would not have a significant impact on the environment, with the implementation of mitigation measures. An addendum to the Mitigated Negative Declaration (MND) for the WCP Desert Commerce Project (which consisted of a 2.6 million square foot industrial warehouse and distribution center containing four buildings ranging in size from 271,000 square feet to 1,171,000 square feet) was prepared. The addendum contains mitigation measures for Air Quality, Cultural Resources, Biological Resources, Traffic, Noise, Geology, and Tribal Resources. The draft Addendum / Mitigated Negative Declaration was circulated for a 20-day comment period which began on July 3, 2017 and ended on July 22, 2017. The Addendum / MND is attached for consideration, and the City Council will consider certification of the Addendum / Mitigated Negative Declaration prior to final action on the project.

Staff conducted 2 peer reviews of the Environmental Documents associated with the project (utilizing the services of Terra Nova Planning & Morse Planning group). After receipt of those comments staff forwarded the comments to ECORP which is a City approved environmental consulting Firm. ECORP has responded stating that *"A CEQA MND Addendum remains the appropriate environmental document for the project..., and the environmental documents (MND Addendum, Initial Study, and technical studies) accurately reflect the environmental impacts of*

the Coachillin' Specific Plan and are ready for consideration by the City's Planning Commission and City Council."

CONDITIONAL USE PERMIT FINDINGS

Conditional Use Permits are regulated under Section 17.76 of the Desert Hot Springs Municipal Code and require that certain findings be made by the City Council before granting a CUP request. Staff has developed recommendations for each finding, as follows:

1. *That the proposed use is conditionally permitted within the subject land use district and complies with all of the applicable provisions of this Zoning Ordinance.*

The application is for medical marijuana cultivation and testing facilities which are identified in Section 17.180 of the City of Desert Hot Springs Zoning Ordinance as permitted within any industrial zone which includes the LI (Light Industrial) zone), subject to approval of a Conditional Use Permit. The project is proposed to be compliant with applicable provisions of the Zoning Ordinance. Conditions of Approval have been prepared and are recommended to assure the proposed use will comply with applicable Zoning Ordinance provisions. Staff recommends this finding.

2. *That the proposed use would not impair the integrity and character of the land use district in which it is to be located.*

Section 17.16.010.B.1 of the Desert Hot Springs Zoning Ordinance identifies the underlying LI (Light Industrial) zoning district as, "...intended to retain, enhance, and intensify existing and provide for the new development of lighter industrial uses along major transportation routes serving the City." The proposed medical marijuana cultivation facility qualifies as a "lighter industrial operation" in that no heavy manufacturing operations will be conducted on the site. Staff recommends this finding.

3. *That the subject site is physically suitable for the type and intensity of land use being proposed.*

The site is proposed to be developed as a light industrial site with parking, landscape and other features and amenities appropriate to the development. The proposed medical marijuana cultivation and laboratory facilities are physically organized to provide adequate parking, loading and pedestrian circulation for the proposed use with the recommended Conditions of Approval. Consequently, the site is physically suitable for the type and intensity of the proposed facilities. Staff recommends this finding.

4. *That the proposed use is compatible with the land uses presently on the subject property.*

The site is currently vacant and no other uses exist. The proposed medical marijuana cultivation and laboratory facilities are a light industrial use with ancillary processing and administration activities, and can be considered similar to other industrial establishments allowed in the LI (Light Industrial) zone, such as plant nurseries without on-site sales and light manufacturing operations. The proposed building is developed to accommodate the proposed uses and they appear to be able to accommodate a wide variety of industrial uses, if needed. The proposed facilities do not appear to be outside the range of activities typical for a light industrial site and appears compatible with surrounding light industrial uses. Staff recommends this finding.

5. *That the proposed use would be compatible with existing and future land uses within the general area in which the proposed use is to be located.*

The site is currently vacant and no other uses exist. Existing and future land uses within the general area of the proposed medical marijuana facilities are light industrial land uses. Lands to the north, east, south and west are vacant, all surrounding lands are zoned for light industrial development. The site will be a self-contained development with all vehicle circulation needs accommodated on-site. The proposed buildings are located within the center of the subject property and the proposed use is not directly accessed from surrounding land uses. The height and general configuration of the proposed structure is similar to other industrial buildings in the area. Any signage will comply with the Desert Hot Springs Zoning Code. All activities will be contained within the proposed building and the operation will appear as a light industrial use consistent with the intent of the zone. Consequently, the proposed testing, processing, and cultivation facilities are expected to be compatible with existing and future industrial development in the surrounding area. Staff recommends this finding.

6. *That there are adequate provisions for water, sanitation, and public utilities and services to ensure that the proposed use would not be detrimental to public health and safety.*

The subject site will be developed as a light industrial use with all public services and utilities installed prior to occupancy. The proposed testing and cultivation facilities will not create an extraordinary demand for water, sanitation or other public utilities and services that would result in any detriment to public health and safety. The project has been conditioned to construct all necessary public infrastructure improvements. Staff recommends this finding.

7. *That there will be adequate provisions for public access to serve the site.*

The subject site will be fully developed with vehicular and pedestrian access, both from public rights-of-way as well as within and throughout the site. The proposed project will not create any additional demand for access than will be provided by the associated parking and drive aisles. The project has been conditioned to construct all necessary public infrastructure improvements and make all required street improvements. The project will also have to meet all fire department conditions. Staff recommends this finding.

8. *That there will not be an adverse effect upon desirable neighborhood characteristics.*

Desirable neighborhood characteristics include long-range views from existing properties and business of surrounding mountains, and the future development of light industry on the site and surrounding area. The proposed building's low height (22 feet maximum) is consistent with the development standards of the zoning district and will not impede long-range views. While the proposed project will fully occupy the subject site, surrounding lands available for other businesses will not be limited in their future development by the proposed use. The application is for medical marijuana cultivation and testing facilities which are identified in Section 17.180 of the City of Desert Hot Springs Zoning Ordinance as permitted within any industrial zone which includes the LI (Light Industrial) zone), subject to approval of a Conditional Use Permit. The project is proposed to be compliant with applicable provisions of the Zoning Ordinance. Conditions of Approval have been prepared and are recommended to assure the proposed use will comply with applicable Zoning Ordinance provisions. The proposed medical marijuana cultivation and laboratory facilities are a light industrial use with ancillary processing and administration activities, and can be considered similar to other industrial establishments allowed in the LI (Light Industrial) zone, such as plant nurseries without on-site sales and light manufacturing operations. The proposed building is developed to accommodate the proposed uses and they appear to be able to accommodate a wide variety of industrial uses, if needed. The proposed facilities do not

appear to be outside the range of activities typical for a light industrial site and appears compatible with surrounding light industrial uses Staff recommends this finding.

9. *That the proposed use is necessary and essential to the community.*

The proposed use can be considered necessary and essential to the community to the extent that it is supported by wholesale customers that cause it to succeed as a local light industrial business. Further, the proposed use must also operate under City regulations and conditions of approval so that only the necessary and essential elements of the business – as determined by the City – are expressed over the life of the business. Staff recommends this finding.

10. *That the proposed use is consistent with applicable goals and policies of the General Plan.*

Staff has identified the following General Plan goals and policies applicable to the application and provides responses to each.

Administration

Goal: Comprehensive and integrated administration and implementation of all elements of the Desert Hot Springs General Plan through consistent and effective policies and programs.

The City has adopted a Zoning Ordinance to implement the General Plan and provide for review and approval of individual development projects. The proposed project will be subject to all requirements of the Conditional Use Permit, as prescribed by the Zoning Ordinance and the adopted Conditions of Approval.

Policy 7: The City shall encourage in-fill development within already urbanized areas of the corporate boundaries of the City, and expansion of new development shall be logically phased and, as appropriate, guided by the development of existing and new Specific Plans.

The proposed project will be located on a vacant property within a partially-developed industrial area, located in the LI (Light Industrial) zone. All public improvements are either in place or will be constructed prior to occupancy. No specific plan has been adopted for the subject property but staff is currently reviewing one submitted by the applicant.

Policy 8: City shall provide opportunities for review and comment on development proposals through public hearing notices sent to owners of property located at least within 300 feet of development proposal sites.

The notice of intent to adopt the mitigated negative declaration was sent to all property owners within a 300 foot radius and was advertised in a paper of local circulation in June of 2017. The public comment period on the environmental documents began on July 3, 2017 and ended on July 22, 2017 at 5 P.M. Pacific Standard Time. On October 5, 2017 a public hearing notice for the project was sent to neighboring owners within 300 feet of the project site and in the Desert Star on Friday, October 6, 2017 per state noticing requirements. The City Council will open the public hearing and take public comments and/or testimony on the dais and prior to any action or recommendation to the City Council.

Industrial Land Use

Goal: Lands that provide for the development of non-polluting, energy-related and other clean industrial development that broadens the economic and employment base of the City, and assures compatible integration with other, non-industrial land uses.

The proposed medical marijuana cultivation facility is anticipated to be a non-polluting and clean industrial use that will generate jobs and revenue for the community, thereby broadening the economic and employment base of the City. The operation will be located on a vacant property within a partially-developed industrial area, located in the LI (Light Industrial) zone, and be developed with all support amenities (parking, trash enclosures, landscaping, etc.) to assure compatible integration with all industrial and non-industrial land uses.

Policy 6: The City shall require adherence to applicable development standards and guidelines to assure aesthetically acceptable industrial developments for all new industrial sites.

The proposed use will be in new permanent and temporary buildings with new associated site improvements, including parking, vehicle circulation, landscaping and trash enclosures. These improvements have been reviewed for adherence to applicable development standards and guidelines. The proposed architecture and landscape architecture, as conditioned, will result in esthetically acceptable development.

Community Design

Goal 2: Variety of community design, architecture and landscaping compatible with the City's desert setting and surrounding development.

The proposed use will be located in new permanent and temporary buildings with new associated site improvements, including parking, vehicle circulation, landscaping and trash enclosures. These improvements have been reviewed for adherence to applicable development standards and guidelines. The building exterior, site landscaping, fencing and other improvements will be designed with appropriate materials, colors, plant types and other design elements to assure compatibility with the City's desert setting and surrounding development.

Policy 1: Private and public sector development projects shall equally apply City community design standards, thereby protecting the community's scenic viewsheds, providing community cohesion and enhancing the image of Desert Hot Springs as a resort residential community.

The project site is presently vacant, but will be developed and used for light industrial use. The proposed building exterior (including height), site landscaping, fencing and other improvements will be designed with appropriate materials, colors, plant types and other design elements that protect scenic viewsheds, provide community cohesion and enhance the image of the City.

Policy 9: Signs shall be limited to the minimum size, scale and number needed to provide functional identification and exposure necessary to convey messages, while minimizing impacts on traffic safety, streetscape and scenic viewsheds.

All exterior signs shall be subject to approval under the Desert Hot Springs Zoning Code. The City sign regulations do not permit signs to exceed the height of building eave lines which will result in no impacts on scenic viewsheds.

Policy 10: Lighting shall be limited to the minimum height, number and intensity of fixtures needed to provide security and identification in residential, commercial and industrial development, taking every reasonable measure to preserve the community's night skies.

All exterior lighting shall comply with Section 17.40.170 (Outdoor Lighting Standards) to assure that only the minimum level of lighting necessary to provide the needed security is installed. All proposed exterior lighting shall be reviewed by staff for conformance to the applicable standards. Therefore, the proposed medical marijuana cultivation facility is taking reasonable steps to preserve the night skies.

Economic Development:

Goal 1: A broadly based, healthy and balanced economy that provides a full range of economic and employment opportunities.

The proposed medical marijuana cultivation facility will provide opportunities for new employment and business support services.

Goal 2: Continued growth, which assures the maintenance of revenue, base adequate to support present and future public services and facilities needs.

The establishment of a medical marijuana cultivation facility will provide additional revenues to the City to support present and future public needs.

Policy 11: Make every effort to expedite the processing of development proposals, which address the economic development goals of the community and take the initiative to incubate new programs and projects.

The application for a Conditional Use Permit is required by the Desert Hot Springs Zoning Code to assure compatibility with surrounding land uses and to develop project-specific conditions to assure successful operation in concert with the City's development goals. The application has been processed expeditiously.

Hazardous and Toxic Materials

Goal: The assured safety of City of Desert Hot Springs residents and visitors through the regulation of the manufacture, transport, use and disposal of toxic and hazardous materials.

Any hazardous or toxic materials associated with the proposed operation shall be regulated by the provisions of all applicable law, including the Desert Hot Springs Municipal Code, including Section 5.50 (Medical Marijuana Facilities Regulatory Permit), Section 17.40 (Property Development Standards) and Section 17.180 (Medical Marijuana Facilities Operation and Location).

Fire and Police Protection

Goal: A high level of police and fire protection and service.

The proposed medical marijuana cultivation facility will include security measures, including door locking systems, exterior lighting, camera monitoring and other systems to minimize the impact on police protection services. Fire suppression systems will also be incorporated into the operation to minimize the impact on fire protection service.

Consequently, the proposed medical marijuana cultivation facility is not expected to demand a high level of police and fire protection services.

Policy 1: All new and improved developments shall be reviewed for their impact on safety and the provision of police and fire protection services.

The proposed application and associated regulatory permit will include requirements for review of the proposed operation by City police and fire services. Any identified impacts on safety will be addressed by Conditions of Approval or regulatory requirements.

Policy 2:

Enforce fire standards and regulations in the course of reviewing building plans and conducting building inspections.

All plans and improvements for interior or exterior building improvements will be subject to review and enforcement under fire codes and regulations. Staff recommends this finding.

- 11. That there will not be significant harmful effects upon environmental quality and natural resources.*

The proposed medical marijuana cultivation facility will be located on vacant property currently zoned for light industry. Further, the cultivation facility will operate in accordance with the City's regulations and Conditions of Approval. Based on the draft Mitigated Negative Declaration, no significant adverse or harmful effects on the environment or on any natural resources are anticipated, subject to the implementation of specific mitigation measures and Conditions of Approval. Staff recommends this finding.

- 12. That the negative impacts of the proposed use are mitigated and/or a mitigated negative declaration may be filed.*

The proposed project will be operated in accordance with all applicable regulations and Conditions of Approval. A review of the proposed project has identified no negative impacts, subject to the implementation of specific mitigation measures and Conditions of Approval. Staff recommends this finding.

- 13. That the proposed location, size, design, and operating characteristics of the proposed use would not be detrimental to the public interests, health, safety, convenience, or welfare of the City.*

The proposed project has been reviewed by City departments and other public agencies for any potential detrimental effects on public interests, health, safety, convenience or welfare of the City. Any potential concerns have been addressed by recommended Conditions of Approval, and no unresolved concerns remain. Staff recommends this finding.

RECOMMENDATION

A recommendation from the Planning Commission for 1) Adoption of the Addendum / Mitigated Negative Declaration for the Coachillin Cultivation & Ancillary-Canna Business Park Project; and 2) Approval of Condition Use Permit No 17-17; and 3) Approval of Tentative Map No 37158 - for the development of various medicinal marijuana structures totaling approximately 219,000 square feet and the subdivision of two lots into 43 lots in the LI (Light Industrial) District. APN 666-340-004, -006.

EXHIBIT(S)

- 1) Conditions of Approval
- 2) Planning Commission Staff Report from July 11, 2017
- 3) Building Plans (Elevations, Floor, Landscape, Perspectives, Photometric, etc.)
- 4) Proposed Site Plan (updated July 6th)
- 5) Tentative Parcel Map No. 37158
- 6) Addendum Mitigated Negative Declaration with Mitigation Monitoring Program
- 7) ECORP Response to Peer Review