

REPORT TO THE PLANNING COMMISSION



DATE: July 10, 2018

TITLE: Amendment to Conditional Use Permit No. 10-15 to allow for cannabis distribution activities and to add approximately 1,650 square feet of new distribution, extraction, and storage areas within the previously approved DHS San Jacinto Cannabis Cultivation Facility located at 65242 and 65282 San Jacinto Lane between Little Morongo Road and Cabot Road in the I-L (Light Industrial) Zone. APN 665-030-069, -070 Applicant: DHS San Jacinto.

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RECOMMENDATION

- 1) Staff Report;
- 2) Entertain Questions of Staff from Planning Commission;
- 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) Planning Commission discussion and questions to Staff; and
- 9) A recommendation from staff for approval of the Amendment to Conditional Use Permit No. 10-15 to allow for cannabis distribution activities, and to add approximately 1,650 square feet of new distribution, extraction, storage areas for the project located at 65242 and 65282 San Jacinto Lane between Little Morongo Road and Cabot Road in the I-L (Light Industrial) District. APN: 665-030-069, -070.

PRIOR ACTIONS

On January 12, 2016 the Desert Hot Springs Planning Commission approved Conditional Use Permit No. 10-15 for a Cannabis Cultivation Facility consisting of two (2) buildings totaling approximately 40,000 square feet.

PROJECT SUMMARY

Sections 5.50 and 17.180 of the Desert Hot Springs Municipal Code (DHSMC), allows Cannabis Cultivation Facilities and ancillary activities in Industrial Districts subject to a Conditional Use Permit (CUP). This project site already has an approved CUP. The applicant, DHS San Jacinto has filed an application to amend their CUP to allow for cannabis distribution uses, to add 1,650 square feet of new distribution, extraction, storage areas, and a new trash enclosure.



The 2.30-acre project site consisting of two (2) parcels located on north side of San Jacinto Lane, approximately 500 feet west of Cabot Road. Surrounding properties consist of:

	Jurisdiction	Zoning & General Plan Designations	Current Land Use
North	City	IL (Light Industrial) District	Cannabis Cultivation Facility
West	City	IL (Light Industrial) District	Vacant Land
South	City	IL (Light Industrial) District	Cannabis Cultivation Facility
East	City	IL (Light Industrial) District	Vacant Land

CUP AMENDMENT ANALYSIS

General Plan and Zoning Consistency: The amendment proposes to add new distribution uses within the previously approved cultivation facility and to increase the size of the facility by approximately 1,650 square feet for new distribution, extraction, and storage areas. Section 17.180 of the DHSZC specifically allows for these uses with approval of a Conditional Use Permit within an Industrial Zone. The proposed development will be consistent with zoning development standards and all applicable General Plan policies following the Conditions of Approval.

Site Coverage: The project site consists of two parcels totaling 2.30 gross acres (100,188 square feet) in size. Under the Industrial Zoning District standards, the maximum allowable lot coverage is 75%. The total proposed building lot coverage (Ground Floor Area) is 20,738 square feet for the parcel containing Building 1 or approximately 41% of the 1.15-acre project site, and 20,897 for the parcel containing Building 2 or approximately 42% of the 1.15-acre project site placing the project within the maximum allowed coverage.

Building Height: The highest point on the proposed new building structures will be approximately 15 feet above adjacent grade. This is below the maximum height of 50 feet allowed in the IL District, and below the current maximum building height of 19 feet for the existing buildings.

Building Setbacks: The minimum setbacks in the City's Industrial Zoning Districts are 20 feet in front, 10 feet in the rear, and 10 feet on the sides. The proposed amendment meets the minimum setback requirements.

Circulation and Parking: Access to the two (2) buildings is currently provided from existing driveways accessing San Jacinto Lane.

Off-Street parking standards for Cannabis Cultivation Facility uses are not specifically defined in the City Zoning Code. Therefore, Staff has applied parking ratios for similar uses including Office (1 space per 250 square feet) plant nurseries (1 space per 2,500 square feet) and Industrial (1 per 750), resulting in a requirement of 29 total parking spaces, the project site currently provides 36 parking spaces. The project site consists of two separate parcels but currently operates as one facility with shared access, security, and management. Staff have added a condition of approval requiring a parking agreement between the two parcels to ensure that parking requirements will be met. The following is a breakdown of the parking calculation:

Parking Calculation Building #1 (APN 665-030-069)

<u>Use</u>	<u>Area (Sq. Ft.)</u>	<u>Ratio</u>	<u>Number of Spaces</u>
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Office	1,275	1 per 250 square feet	5
Cultivation	13,600	1 per 2,500 square feet	5
Manufacturing/Ancillary Industrial	3,900	1 per 750 square feet	5
Total Spaces Required			15
Total Spaces Provided			10

Parking Calculation Building #2 (APN 665-030-070)

<u>Use</u>	<u>Area (Sq. Ft.)</u>	<u>Ratio</u>	<u>Number of Spaces</u>
Office	1,581	1 per 250 square feet	6
Manufacturing/Ancillary Industrial	1,760	1 per 750 square feet	2
Cultivation	15,291	1 per 2,500 square feet	6
Total Spaces Required			14
Total Spaces Provided			26

Architecture: Similar to previously approved cultivation facilities in the area, the permanent building façade would consist of 3 dimensional forms. Contrasting accent colors will enhance the architectural features and elements of the proposed structure. The overall architectural character will be that of an attractive, well-maintained industrial building. The proposed structures have been conditioned to have the colors and material match/complement the existing buildings. The project site perimeter is currently enclosed with wrought iron fencing to enhance visuals and secure the perimeter. Staff have added a condition of approval requiring that the existing cooling towers, CO2 tanks, and water tanks be screened from public view with an equipment screen, subject to Planning Department approval.

Lighting: Exterior lighting currently illuminates all exterior doors, signs, walkways, entrances, and parking area, which is subject to review by the Police Department. Existing lighting is oriented downwards and shielded within the property to contain illumination within the project boundary.

Security: Security measures have been considered and incorporated into the project design. The project site is enclosed within perimeter wrought iron security fence. Gated entry/exit drives control vehicular and pedestrian access to and from the property. Security cameras are located on all exterior doors, perimeter fencing, and entry gates. A detailed, comprehensive security plan will be reviewed by the City Manager during the Regulatory Permit phase for the new structures. This will include specific locations and areas of coverage by security cameras; location of audible interior and exterior alarms; location of exterior lighting; fencing; background checks; name and contact information of security company monitoring the site and any additional information required by the City.

Odor Control: Operations involved with the proposed project can generate natural odors associated with plant blossoms. As mandated by Municipal Code Chapter 5.50 and 17.180, all marijuana cultivation activities are only allowed in the interior of enclosed structures, facilities, and buildings. To comply with the CUP requirements, the new structures must provide the necessary odor control, ventilation and filtration systems sufficient to ensure that City requirements for odor control are met. Thus, the project is expected to result in minimal exterior plant odors.

FISCAL IMPACT

The proposed cultivation facility has paid all required fees for processing and will contribute \$25 per square foot for the first 3,000 square feet, and then \$10 per square foot for the remaining space once it opens.

ENVIRONMENTAL ANALYSIS

Staff finds that the project is exempt from the California Environmental Quality Act (CEQA) per Section No. 15301, (e)(2), Class 1 (Existing Facilities) since the building expansion will total less than 10,000 square feet within a full developed project site serviced by all necessary public utilities and facilities. In addition, the project site is not within an environmentally sensitive area.

RECOMMENDATION

Staff recommends that the Planning Commission approve an amendment to Conditional Use Permit No. 10-15, to allow for the addition of distributions activities, and an addition of approximately 1,650 square feet for new distribution, extraction, and storage areas, subject to the Conditions of Approval and including the following findings:

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 an amendment to the previously approved DHS San Jacinto Cannabis Cultivation Facility, to add distribution uses and for the addition of approximately 1,650 square feet for new distribution, extraction, and storage areas 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 I-L (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 I-L (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 amendment to the previously approved Cannabis Cultivation Facility only adds approximately 1,650 square feet of new structures and some of the uses within the existing facility. This will have no impact on the adjacent properties or the land use district. The changes to the existing Cannabis Cultivation facility qualify 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 currently developed as a light industrial site with parking, landscape and other features and amenities appropriate to the development. The proposed amendment only changes some interior uses with minor changes the building exterior with the addition of five (5) small structures totaling approximately 1,650 square feet and will have no impact on the adjacent properties or the land use district. Consequently, the site is physically suitable for the type and intensity of the proposed changes. Staff recommends this finding.

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

The proposed amendment to the previously approved Cannabis Cultivation Facility only changes some of the interior uses to allow for Cannabis Distribution and the building exterior with the addition of approximately 1,650 square feet of new structures. The proposed distribution activities and uses within the new structures will be ancillary to the main use and will complement the business activities taking place within the project site. Therefore, staff has concluded that the proposed amendment is compatible with the land uses approved for the site. 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 proposed amendment to the previously approved Cannabis Cultivation Facility only changes some of the interior uses to allow for Cannabis Distribution and the building exterior with the addition of approximately 1,650 square feet of new structures. The new, distribution, manufacturing, and storage activities will be ancillary to the main use of the building and will complement the business activities taking place within the building. The area in which this project is located is zoned for light industrial development, most of which is being utilized for cannabis cultivation facilities and ancillary uses. The proposed development and current amendment are consistent with those uses surrounding the project site and in the general vicinity. Therefore, staff has concluded that the proposed amendment is compatible with the land uses approved for the site and uses in the general vicinity of the project site. Staff recommends this finding.

6. *That the proposed use is compatible in scale, mass, coverage, density, and intensity with all adjacent land uses.*

The proposed amendment to the previously approved Cannabis Cultivation Facility changes some of the interior uses and adds approximately 1,650 square feet of new structures. The new structures/uses will complement and support the existing uses on the project site. The with the proposed amendment, the Cannabis Cultivation Facility will be compatible in scale, mass, coverage, density and intensity the proposed project is consistent with the height, setback, lot coverage and other requirements of the City's Zoning Code and with the neighboring developments that are under construction and/or already developed. The project, including the amendment, will be consistent with light industrial activities in the area; its location within an existing light industrial setting will allow it to be compatible with adjacent industrial uses. Staff recommends this finding.

7. *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 is developed as a light industrial use with all public services and utilities currently installed. The proposed changes in to add distribution and to add approximately 1,650 square feet of new structures for distribution, manufacturing, and storage uses 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. Staff recommends this finding.

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

The subject site is fully developed with vehicular and pedestrian access, both from the public rights-of-way on San Jacinto Lane as well as within and throughout the site. The

proposed amendment will not create any additional demand for access than will be provided by the associated parking and drive aisle. Staff recommends this finding.

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

Desirable neighborhood characteristics include long-range views from existing properties and of surrounding mountains, and the current/future development of light industry on the site and surrounding area. The project site is fully developed and the proposed amendment is to add approximately 1,650 square feet of storage/distribution/extraction containers and interior changes to ancillary uses. The new structures will have a maximum height of 15 feet, which is below the existing height of the two main structures on the project site. 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 uses. Thus, the proposed amendment will not create any adverse effect upon the desirable neighborhood characteristics. Staff recommends this finding.

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

The proposed use is necessary and essential to the operation and success of the business and therefore 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.

11. *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 amendment to the previously approved Cannabis Cultivation Facility will be subject to all requirements of the Conditional Use Permit, as prescribed by the Zoning ordinance and the adopted Conditions of Approval.

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.

Prior to Planning Commission review of the project application, a public hearing notice of the proposed Conditional Use Permit Amendment to add distribution uses to a previously approved cannabis cultivation facility was mailed to property owners within a 300-foot radius of the project site on Thursday, June 28, 2018. A notice of the public hearing was also published on Friday June 29, 2018 in the Desert Star Weekly. No persons have submitted written comments or expressed concerns for the proposed project, as of this writing on Thursday, July 5, 2018.

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 amendment to the previously approved Cannabis 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 an existing building within a partially-developed industrial area, located in the I-L (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.

Economic Development:

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

The proposed amendment of the Cannabis 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 facility's needs.

The proposed change in use to include distribution and the addition of approximately 1,650 square feet of new structures will provide ancillary support to the approved Cultivation Facility. This will help to 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 Amendment 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 was received on May 31, 2018 and 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 (Marijuana Facilities Regulatory Permit), Section 17.40 (Property Development Standards) and Section 17.180 (Marijuana Facilities Location).

Fire and Police Protection

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

The proposed change in use to include distribution uses and to add additional structures in the previously approved Cannabis 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 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.

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

The proposed amendment is for an existing facility currently zoned for light industrial. Further, the Cannabis Cultivation Facility will operate in accordance with the City's regulations and conditions of approval. No significant adverse or harmful effects on the environment or on any natural resources are anticipated, subject to the implementation of the conditions of approval. Staff recommends this finding.

- 13. 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 Conditions of Approval. Staff recommends this finding.

- 14. 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.

EXHIBITS:

- 1) Draft Conditions of Approval

- 2) Proposed Site Plan
- 3) Proposed Floor Plan
- 4) Building Elevations
- 5) Site Photographs