



REPORT TO PLANNING COMMISSION

To: Honorable Chairman and Members of the Planning Commission

From: Justin Kirk, Assistant Community Development Director

Date: December 4, 2018

Subject: Planning Application 2018-44: A request to establish an approximately 39,000 SF Cannabis Facility within an existing building.

Applicants: Garin Heslop, Medfarm

Recommendation

By motion, adopt:

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF LAKE ELSINORE, CALIFORNIA, RECOMMENDING TO THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, APPROVAL OF DEVELOPMENT AGREEMENT NO. 2018-10 FOR AN APPROXIMATELY 39,000 SQUARE FOOT CANNABIS FACILITY WITHIN AN EXISTING BUILDING LOCATED AT 29395 COLLIER BUILDING A (APN: 377-120-043); and,

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF LAKE ELSINORE, CALIFORNIA, RECOMMENDING TO THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, APPROVAL OF CONDITIONAL USE PERMIT NO. 2018-14 TO ESTABLISH A 39,000 SQUARE FOOT CANNABIS FACILITY WITHIN AN EXISTING BUILDING LOCATED AT 29395 COLLIER BUILDING A (APN: 377-120-043).

Discussion

The 39,000 SF Cannabis Facility is proposed to be located within an existing building. The facility will consist of a 1,828 SF dispensary, 31,068 SF of cultivation space, 1,828 SF of manufacturing space, 2,019 SF of distribution space and 2,169 SF of ancillary uses. The Project is generally located at the northwest corner of the intersection Hunco Way and Collier and more specifically referred 29395 Collier Building A (APN: 377-120-043) and is located in the Business District of the General Plan.

The Business District is located within the central area of the City and is generally bordered by the North Central Sphere District to the northeast, the Lake Elsinore Hills District to the east, the Historic Downtown District to the south, Country Club Heights District to the west, and the Alberhill District to the northwest. The developed area within the Business District is relatively new and has the strongest concentration of industrial and commercial uses within the City. The focus of the Business District is to support its position as the industrial and commercial hub of the City. The Business District contains approximately 1,322.7 acres, which primarily consist of industrial and commercial uses. Existing industrial and commercial uses include the Lake Elsinore Outlet Center, Home Depot, Target, Costco, industrial parks, and limited manufacturing sites. Most of

the industrial uses are concentrated in the southern areas of the Business District southwest of I-15 and south of the Business District's main northwest/southeast roadway, Collier Avenue. Commercial uses are easily accessible from I-15 at the intersection of Central Avenue and I-15.

Analysis

General Plan Consistency

The Project has a General Plan land use designation of Limited Industrial (LI) and are located within the Business District of the General Plan. Land uses have been allocated to support the Business District as the City's main employment and shopping hub. Most of the vacant/open space areas and existing retail uses in the north have been designated for limited industrial uses with the exception of the Temescal Wash floodway which is designated as natural open space. Remaining limited industrial uses are designated in the southwestern sections of the Business District. General commercial uses are designated in the central areas along and near Central Avenue. The Business District professional uses are limited to the south area within existing vacant/open space areas adjacent to the western sides of I-15 along Collier Avenue. In addition, the southwestern most section of the Business District has been designated as public/institutional to support the City's existing waste water treatment plant. Specific Goals of the Business District applicable to this project include:

- The primary goal of the Business District is to encourage its position as the industrial and commercial hub of the City and to ensure that new growth respects the environmental sensitivity of the natural wetlands, floodway and floodplain.
- Support a vibrant commercial and industrial hub with high quality developments that have a strong orientation towards major corridors.
- Provide a safe and comprehensive roadway network for vehicular, truck, bicycle, and pedestrian traffic throughout the Business District.

The LI designation provides for industrial parks, warehouses, manufacturing, research and development, public and quasi-public uses, and similar and compatible uses. The proposed Cannabis Facilities are a hybrid of manufacturing, cultivation and retail commercial uses (i.e. dispensaries and distribution facilities). These uses are compatible with existing uses within the LI designation such as Ceramic products manufacture using only previously pulverized clay, and kilns fired by electricity or gas, manufacturing, assembling, compounding, packaging, and processing of cosmetics, drugs, and pharmaceuticals, wholesale distribution facilities, and animal, food, or beverage processing. The retail components of these facilities are limited to accessory uses, which comprise less than 25% of the total area of the facility and less than 50% of gross revenue. This limitation is intended to engender consistency with the intent of the LI designation and to reduce related impacts to the existing surrounding land uses. The proposed facilities are wholly located within existing buildings and do not propose or are allowed to have exterior operations. The proposed cannabis facilities help to further the goals of the Business district by reinforcing the viability of the industrial hubs and help to create vibrant industrial hubs by introducing additional business in existing developments that would create high paying jobs, reduced vacancy rates, and increased investment in the existing industrial parks.

One of the primary concerns of any intensification of land uses within the Business District has been that of increased traffic loads. The roadway network throughout the Business District is

comprised of several citywide major corridors and small local roadways providing access to internal business areas. I-15 is the City's and the Business District's largest roadway. The I-15 passes through the Business District in a northwest/southeast direction. Collier Avenue also serves as an important north/south circulation route providing access roughly parallel to I-15 between Nichols Road to the north, Central Avenue in the central areas, and Main Street in the Historic Downtown District to the south. Direct access to I-15 is possible from Central Avenue and Nichols Road. State Route 74 is the City's and the Business District's largest east/west corridor and includes sections of Riverside Drive, Central Avenue, and Collier Avenue as it passes through the Business District in a generally east/west direction. Many of the smaller roadways are not through routes and terminate in various business park centers. The major corridors currently carry large traffic volumes, and efficient traffic flow is often restricted. In order to ensure that the traffic related impacts are minimized, focused traffic studies have been prepared. The individual facilities have increased traffic impacts as follows:

Project	AM	PM	Daily
PA 2018-34	18	24	405
PA 2018-37	6	20	403
PA 2018-39	6	20	403
PA 2018-41	8	16	175
PA 2018-44	25	41	444
PA 2018-46	16	22	192
Total	79	143	2022

The City's adopted Traffic Impact Analysis guidelines assert that Level 1 projects (100-200 peak hour trips) in areas where a comprehensive traffic analysis have been performed and road improvement infrastructure funding mechanisms are in place are exempt from further review. Development of the existing buildings were subject to the California Environmental Quality Act and have had corollary environmental analysis, inclusive of a comprehensive traffic impact analysis previously prepared and approved and are exempt from further traffic impact related studies. Furthermore, the City's Transportation Infrastructure Fee (TIF) has been established to further reduce traffic related impacts by funding traffic related improvements and the individual projects are required to pay applicable fees inclusive of TIF. Because the individual projects and the cumulative projects do not create peak trip generation in excess of 200 trips, there have been comprehensive traffic analysis prepared previously and there is a funding mechanism to traffic improvements, the subject projects are exempt from the requirements of the preparation project specific traffic impact analysis, no further traffic related analysis are required. In addition, either individually or cumulatively, the proposed projects do not create new trips that would create unmitigated significant impacts to the existing road network. To ensure that these impacts are not created in the future, adequate safeguards in the form of Conditions of Approval have been imposed.

Overall, the proposed cannabis facilities introduce new land uses to an existing mix of industrial and quasi-commercial uses. The proposed facilities have been previously identified as furthering the goals of the Business District and not creating new unmitigated significant impacts, because of this they are found to be consistent with the General Plan.

Municipal Code Consistency

PA 2018-34 and PA 2018-38 have a base zoning designation of M-2 General Manufacturing and PA 2018-39, PA 2018-41 and PA 2018-45 have a base zoning designation M-1 Limited Manufacturing District. The proposed cannabis facilities are located wholly within existing industrial parks, which have been previously analyzed for consistency with the base district development standards and other criteria and were found to be consistent with the applicable base zoning designations. A review of the current operational characteristics did not find any code violations and the building are in compliance with the base district regulations as well. With respect to Cannabis related land uses, Chapter 17.156 Cannabis Uses, of the Lake Elsinore Municipal Code, specifically regulate these uses. Chapter 17.156 asserts specific operational requirements including the following:

- Site Security
- Limitation to indoor locations only
- Restricted access, including specific spaces accessible to the public and those spaces restricted
- Signage
- Proximity to schools and religious institutions
- Prohibition on the consumption of cannabis onsite
- Prohibition on the possession, sales and consumption of alcoholic beverages
- Prohibition of juveniles to be onsite or work in a cannabis facility
- Hours of Operation – 7:00 am to 9:00 pm
- Annual financial reporting
- Compliance with Building, Fire Code and other permitting requirements.
- Limitation on certain equipment, methods, solvents, gases and mediums when creating cannabis extracts.
 - Manufacturing facilities with a state license of a Type 6 (nonvolatile) or a Type 7 (volatile) classification may be allowed to operate under this chapter.
 - Manufacturers shall not use any Class I or Class II solvents, as those terms are defined in Federal Drug Administration Guidance, Table I, published in the Federal Register on December 24, 1997 (62 FR 67377), for extraction.
 - Manufacturers shall use butanes, ethanol, carbon dioxide, propane, heptane or other solvents exhibiting low to minimal potential human health-related toxicity for extraction, or other methods approved by the State of California
 - Manufacturers may use heat, screens, presses, steam distillation, ice water, and other methods of extraction without employing solvents or gases to create kief, hashish, bubble hash, or vegetable oils or fats derived from natural sources, and other extracts.
- Specific requirements on the supervision of the design, installation and operation of the facility's systems and manufacturing processes
- Compliance with state regulations

The proposed cannabis facilities have been analyzed for the consistency with these operational requirements and the proposed facilities have been found to meet these requirements. In addition to the aforementioned code requirements, additional detail information were specified in the application materials these include the following:

- Fire protection plan

- Closure plan, i.e., a plan to fully restore the occupied space to the condition that existed before the establishment of a cannabis related facility and the posting of a bond so that the City could authorize the work without incurring financial liability
- Information related to project proponents
- Project specific details as to the operational characteristics identifying the number of employees, production quantities and values, and other pertinent information.

These additional details were required to ensure that the proposed facilities operated in a safe manner and would not create unintended impacts during the construction, operation and closure of these facilities. Staff has reviewed these additional details and have found that the materials submitted demonstrate that the proposed cannabis facilities would operate in a manner that would not adversely impact the adjacent business in operation.

Because the proposed cannabis facilities meet the minimum code requirements and do not propose any adverse impacts on adjacent businesses, they have been found consistent with the Municipal Code.

Implementation

The proposed cannabis facilities are currently in the first phase of the establishment of the use. This first phase will culminate in an action on the appropriateness of the proposed land use and the corollary environmental review.

The next phase will involve the plan checking, permitting and inspection of the perspective cannabis land uses. Specifically, during the plan check process the internal tenant improvements will be vetted against the applicable building and fire codes and other state requirements for these facilities. After permit issuance, typical inspections would occur to ensure that compliance with the approved building plans. During the construction-permitting process, the proposed cannabis facilities would be able to proceed with obtaining requisite state licenses that would mirror some of the City process of the cannabis business permit. These mirrored processes would include review of the proposed security plans, fire protection plans, and other operational characteristics. Culmination of these processes would occur with the issuance of certificate of occupancy, which has been conditioned to be dependent on the issuance of a State license and a City cannabis business permit.

Once operational, the proposed cannabis facilities have been conditioned to have quarterly life safety inspections to ensure the operations are in compliance with the relevant permits and that they are operating in a safe manner. Furthermore, an annual inspection with the potential responding fire crews will help to facilitate a safer emergency response by ensuring those responding have inspected the facility and have a familiarity with the operation. The proposed cannabis facilities have also been required to retain specific financial information, changes in owners and/or operators and an inventory control system to ensure that there is a transparency in the operation.

Summary

The proposed cannabis facilities have been vetted against all applicable standards and have been found consistent with those standards. The Design Review Committee have reviewed the requested Conditional Use Permit application, and support the proposed projects. Appropriate Conditions of Approval have been included that would mitigate any potential issues associated

with the future development and establishment of the use. Building and Safety and Fire divisions will conduct occupancy inspection to ensure the space is adequate for the proposed use.

Environmental Determination

The proposed projects are exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15301 (Class 1: Existing Facilities). Class 1 consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination. The proposed projects will be located in existing buildings. The site is fully developed and only minor interior alterations are planned in association with the proposed use. Further, the proposed projects have been adequately conditioned to minimize potential adverse environmental impacts and have been required to obtain all applicable regulatory permits.

Exhibits

- A – PA 2018-44 DA Resolution
- B – PA 2018-44 CUP Resolution
- C – PA 2018-44 Conditions of Approval
- D – Vicinity Map
- E – Aerial Map
- F – PA 2018-44 Project Plans