Item 1 9:05 AM May 23, 2019

STAFF REPORT

TO: Planning Commission

FROM: Michalyn DelValle, Community Development Director

Prepared by: Eric Porter, Associate Planner

DATE: May 13, 2019

RE: 707 Organics / Sandtner; Minor Use Permit (MUP 18-10) for

Commercial Cannabis Cultivation, Initial Study (IS 18-16).

APN: 012-056-44

Supervisor District 1

ATTACHMENTS: 1. Vicinity Map

2. Property Management Plan (available upon request)

3. Agency Comments

4. Proposed Conditions of Approval BOS Exhibit F

5. Existing and Proposed Site Plans BOS Exhibit G

6. Initial Study IS 18-16 (original and revised)

7. Public Comments

I. <u>EXECUTIVE SUMMARY</u>

The applicant is requesting one (1) A - Type 2B: "small mixed-light" cultivation for adult use cannabis to occur within three 30' x 96' greenhouses, representing a total **cultivation area of 8,640 square feet**. An A-Type 2B license is a small mixed light adult-use cultivation that occurs in a greenhouse, glasshouse, conservatory, hothouse, or other similar structure using light deprivation and/or artificial lighting below a rate of 25 watts per square foot between 5,001 and 10,000 square feet, inclusive, of total canopy size on one premises.

Background

The applicant originally proposed two use permits on the subject site. The first permit, UP 18-12, would have added a 42,084 square foot outdoor cannabis cultivation area to be located in the site of the 2018 early activation (file no. EA 18-06). A number of neighbors raised objections to the outdoor cultivation site for various reasons; consequently the first permit was withdrawn by the applicant on 11-11-2018, and no outdoor cannabis cultivation is being proposed at this location.

BOS Exhibit B

The second permit, MUP 18-10, is still valid and proposes the cultivation license described in the previous paragraph.

There are two dwellings on the subject site; the primary dwelling (1,660 s.f.) and a farm labor quarters (a 1,456 s.f. manufactured home). There is an existing garage on the site that is presently used to process the plants grown during early activation (1,200 square feet). The garage is served by a dirt driveway leading from the end of Hofacker Lane.

The applicant is proposing a rainwater catchment system to be used as the sole cannabis irrigation water source; however there two existing wells on the site. The well log for the domestic well has been provided; the well test dated November 18, 1991 shows a continuous flow of 10 GPM over a four hour period of time. The second non-rainwater water source is from an underground spring, and is transported for potable water use from a 2" pipe.

The projected water usage is about 15,000 gallons per month for the greenhouse grown plants. The rainwater catchment system would have ten 15,000 gallon tanks that would be filled using a gravity feed system for rainwater that is captured from the roofs of several structures including the two dwellings. There will be 5 total employees with 2 working at any given time.

Access to the site is taken from Hofacker Lane, a public but gated dirt road. Site security will occur through the use of 16 cameras strategically placed at entrances and to provide maximum video coverage of various parts of the site. The Pomo Ranch subdivision is also secured by an electronic gate leading to the entrance of the subdivision near Highway 29. The cultivation area enclosing the greenhouses will be enclosed by a 7' tall screened metal cyclone fence with industrial grade locks. The processing area will be inside the garage in an 8' by 10' room, also capable of being locked.

Staff is recommending **Approval with Conditions** of **MUP 18-10**.

II. PROJECT DESCRIPTION

<u>Applicant:</u> 707 Organics / Stephen Sandtner

Owner: Jason Oram

<u>Location</u>: 16983 Hofacker Lane, Lower Lake

<u>A.P.N.</u>: 012-056-44

Parcel Size: 48.46 acres

General Plan: Rural Lands

Zoning: RL – SC, Rural Lands – Scenic Combining District

Flood Zone: None

III. PROJECT SETTING

<u>Existing Uses and Improvements</u>: The property currently contains one single family dwelling and one farm labor quarter, two wells (one is legally tapped into an underground stream), and septic systems serving the dwellings, and several 'out buildings' including a 1200 square foot garage / shop building.

Surrounding Uses and Zoning

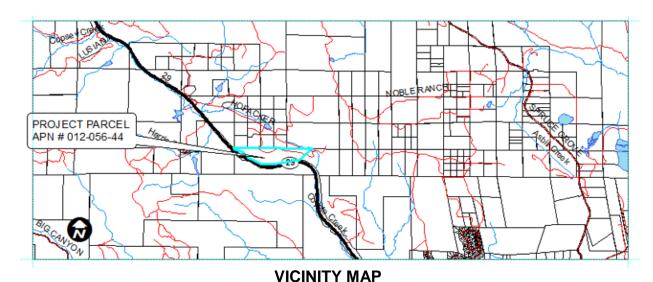
Soils:

North: "RR" Rural Residential and "RL" Rural Lands, generally marginally developed.

West: "RR" Rural Residential lots, mainly undeveloped and over 20 acres in size.

<u>South</u>: "RL" Rural Lands. Parcel sizes are generally over 30 acres. None of the southern parcels are developed.

<u>East</u>: "RL" Rural Lands, includes the 'Pomo Ranch Subdivision' consisting of 8 ten-acre lots, about half of which are developed.



<u>Topography</u>: Steep, averaging between 25% and 30%.

Skyhigh - Millsholm (Type 209; approximately 75% of site); the slope of this soils type is 15 to 50 percent. This soil class has a shrink-swell potential that varies based on depth from low (surface) to high (greater than 18 inches deep). This soil type is suitable for grazing, and is not mapped as Farmland of Significance, and is not a Class I through 4 soil type.

Millsholm – Bressa Loam (Type 177; approx. 25% of the site); 30 to 50 percent slope. Low to moderate shrink-swell potential. Not mapped as Farmland of Significance, and is not a Class 1 through 4 soil type.

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Water Supply: Rainwater catchment system using ten 15,000 water tanks

(cultivation only).

Sewage Disposal: On-Site Septic

<u>Fire Protection</u>: South Lake County (CalFire)

<u>Vegetation</u>: Several varieties of oak trees, pine trees, grass, manzanita brush



Aerial Photo of Site and Surrounding Area

IV. PROJECT ANALYSIS

General Plan Conformance

The General Plan designation for the subject site is <u>Rural Lands</u>, which allows for rural development in areas that are primarily in their natural state, although some agricultural production, especially vineyards, can occur on these lands. This category is appropriate for areas that are remote or characterized by steep topography, fire hazards, and limited access. Typical uses permitted by right include, but are not limited to, animal raising, crop production, single family residences, game preserves and fisheries. Other typical uses permitted conditionally include, but are not limited to, recreational facilities, manufacturing and processing operations, mining, and airfields. These lands also provide important groundwater recharge functions. As watershed lands, these lands function to collect precipitation and provide for important filtering of water to improve water quality. They are generally supportive to the management of the natural infrastructure of the watersheds, and are located outside of Community Growth Boundaries.

The following General Plan policies relate to site development in the context of this proposal.

Economic Development

<u>Goal LU-6:</u> "To maintain a healthy and diverse local economy that meets the present and future employment, shopping, recreational, and service needs of Lake County residents".

 <u>Policy LU 6.1</u>: "The County shall actively promote the development of a diversified economic base by continuing to promote agriculture, recreation services and commerce and by expanding its efforts to encourage industrial and non-industrial corporate developments, and the developments of geothermal resources".

The proposed Commercial Cannabis Operation, would create diversity within the local economy, create future employment opportunities for local residents and allow the expansion of industrial and non-industrial corporate developments.

Land Use

• Policy LU-1.3 Prevent Incompatible Uses. The County shall prevent the intrusion of new incompatible land uses into existing community areas.

In this case compatibility is determined by the potential impacts that this proposed use could have on the vicinity. The biggest compatibility factors associated with this proposal appear to be water and odor.

The immediate area to the northwest of the subject site contains the 'Pomo Lake Ranch' development, which consists of eight (8) ten-acre lots that were illegally created but which were later (mostly) developed. During the neighbor notification process, staff received a total of 7 letters and emails objecting to the proposed cannabis use. The concerns pertained to odor, water quantity / wells that were 'underproducing' in the vicinity according to local property owners, and traffic degrading Hofacker Road. The letters and emails received by the County from the concerned neighbors are attached as 'Attachment 7'. Odor and water mitigation measures are discussed later in this report as well as below:

Odor: Cannabis cultivation produces a strong odor when the flowers are ready to harvest. This cultivation operation was originally proposed to be both outdoors on a one-acre fenced in site, and inside three 30' x 96' greenhouses, however on November 13, 2018, the applicant withdrew the outdoor permit leaving only the mixed light (greenhouse) cultivation proposal still under review.

Greenhouse cultivation is much easier to control odors that might otherwise affect neighboring sites, provided the correct odor mitigation measures are taken.

The nearest neighboring dwelling is located approximately 1300 feet to the southeast of the outdoor cultivation site. It is unclear whether there is a satisfactory amount of separation to limit the impacts that odors could have to the immediate neighbors.

<u>Water:</u> The applicant originally provided a well test dated 1991, which showed the existing well as producing 10 gallons per minute (GPM). A neighboring

property owner contacted staff indicating that his well was drawing closer to 2 GPM, generally considered as substandard for a single family dwelling. The original estimated water usage of the proposed cannabis cultivation sites was projected to be about 83,000 gallons per month.

On October 25, 2018, staff met with the applicant to convey neighbor concerns including water quantity. The applicant asked staff whether exclusively using a 'rain catchment system' for irrigation water would be allowed as an alternative water source; the County will allow and encourages alternate water supply systems such as rainwater catchment to be used. Thus, the applicant is proposing exclusive use of this use of ten 15,000 gallon water storage tank 'catchment system' for irrigation.

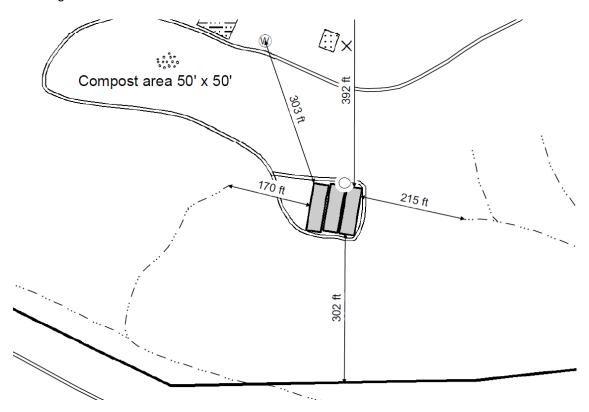


Lower Lake Area Plan Conformance Analysis

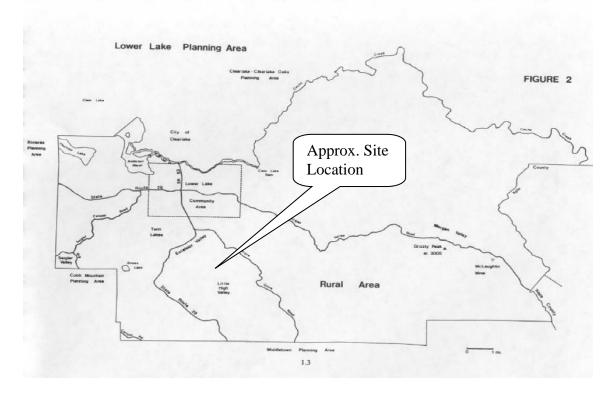
The subject site is within the Lower Lake Area Plan's boundary. The Plan contains several policies that are subject to consistency review as follows:

 5.1b-1: A high priority should be given to providing service and employment opportunities locally in the Lower Lake area in order to boost economic development and reduce travel distances.

This applicant would have up to 5 employees once the cultivation site is operational. This will enable money to return to the local economy, and is in the spirit of Section 5.1b-1.



Setback Distances from nearest Property Line



Zoning Ordinance Conformance

<u>Article 7 – Rural Lands (RL).</u> The purpose of this zoning designation is to provide for resource related and residential uses of the County's undeveloped lands that are remote and often characterized by steep topography, fire hazards, and limited access.

Article 27 - Use Permits

The purpose of Article 27 is for those uses possessing characteristics of unique and special form as to make their use acceptable in one or more districts upon issuance of a zoning permits, minor or major use permits in addition to any required building, grading and/or health permits.

<u>Development Standards, General Requirements and Restrictions.</u> This application meets the following Development Standards, General Requirements and Restrictions as specified within Article 27, subsection (at) of the Lake County Zoning Ordinance.

Development Standards

- Minimum Lot Size (20 acres per A-Type 2 B cannabis license): Complies; the site is 48.46 acres in size.
- <u>Setback from Property Line (100 feet)</u>: Complies, according to the applicants' site plan, the proposed mixed light cannabis site is approximately 302 feet from the nearest property line.
- Setback from Off-Site Residence (200 feet): Complies, the nearest residential dwelling is located on a separate parcel and is about 955 feet away from the proposed mixed light cannabis cultivation area.
- Minimum Fence Height of Six (6) Feet: Complies, according to the applicants' Security Plan dated April 16, 2018, the proposed fence height is seven (7) feet.
- Maximum Canopy Area (10,000 s.f.): Complies, the maximum canopy area is not stated in the material submitted, but will occur within (3) 30' x 96' greenhouses and cannot exceed 8,640 s.f., the total area within these greenhouses.
- <u>Maximum Cultivation Area (20,000 s.f.)</u>: Complies; the cultivation area would be 8,640 s.f. within (3) 30' x 96' greenhouses.

General Requirements. The applicant meets the following General Requirements. If the requirements have not been met, a condition has been added to assure compliance.

- <u>State License and Permits required (ref. Section 27.at.3.ii.a)</u>. *Complies; see Conditions, Attachment 4.*
- <u>Background Checks (ref. Section 27.at.3.ii.e).</u> The current employees have undergone background checks as required by this subsection of the Zoning Ordinance. However, a condition has been added to assure compliance in the event of new employees or change of ownership in the future; see Conditions, Attachment 4.
- <u>Property Owners Approval</u>. The applicant is working with the owner of record, Jason Oram, who is also co-applicant on this proposal.

- Co-location of Permits. The applicant has applied for (1) A-Type 2B small mixed light cannabis license.
- Operation Hours for Deliveries (Monday through Saturday 9:00AM-7:00PM & Sundays 12:00PM 5:00PM). A condition has been added; see Conditions, Attachment 4.
- <u>Duration of Permits cannot exceed ten (10) years.</u> A condition has been added; see Conditions, Attachment 4.
- Weights and Measures. A condition was added; see Conditions, Attachment 4.
- Access Adequacy Standards The site takes access from Hofacker Road, a
 gated public dirt road. Hofacker Road is steep and is marginally maintained. The
 subject site is at the end of Hofacker Road, so trips generated from this use will
 impact the entirety of Hofacker Road between the site and Highway 29.

Prohibited Activities

The applicant complies with the restrictions pertaining to the following prohibited activities:

- Tree Removal. None is proposed.
- <u>Water use</u> when illegally diverted from any lake, spring, wetland, stream, creek, vernal pool, or river. *Water sources on site are all legal.*
- Odor Control. An Odor Control Plan is required; see Conditions, Attachment 4.
- <u>Electrical Generators</u> may be used only on an emergency basis. See Conditions;
 Attachment 4.
- <u>Lights</u> must comply with darkskies.org lighting standards; see Conditions, Attachment 4.
- <u>Pesticide Usage</u> is limited to State-approved chemicals. See Conditions, Attachment 4.
- Protection of Minors. Required by conditions; see Conditions, Attachment 4.
- Commercial cannabis Cultivation Exclusion Area complies. The site is not located within 1000 feet of:
 - A Community Growth Boundary
 - A school
 - A developed public park
 - A drug or alcohol rehabilitation facility
 - A licensed child care or nursery school

 A church or other family-oriented facility providing services intended for minors

Permitting Process

The **Property Management Plan** submitted by the applicant contains all of the required Elements as specified within Article 27 of the Lake County Zoning Ordinance:

- Air Quality
- Cultural Resources
- Energy Use
- Fertilizer Usage
- Fish and Wildlife Protection
- Operations Manual
- Grounds
- Pest Management
- Security
- Storm Water Management:
- Waste Management
- Management Plan
 - Cannabis Vegetative Material Waste Management
 - o Growing Medium Management
 - Cannabis Vegetative Material Waste Management:
- Water Resources
- Water Use
- Compliance Monitoring
- Annual Reports Performance Review

V. <u>ENVIRONMENTAL REVIEW</u>

The California Environmental Quality Act (CEQA) requires agencies to evaluate the environmental implications of land use actions. Please refer to *Initial Study IS 18-16* (original and revised; please see Attachment 6). Any potential environmental impacts have been reduced to less than significant with the incorporated Mitigation Measures and ultimately through Conditions of Approval. The following areas were identified as having potential environmental impacts:

Air Quality

- <u>AQ-1:</u> Prior to obtaining the necessary permits and/or approvals for any phase, applicant shall contact the Lake County Air Quality Management District and obtain an Authority to Construct (A/C) Permit for all operations and for any diesel powered equipment and/or other equipment with potential for air emissions.
- AQ-2: All Mobile diesel equipment used for construction and/or maintenance must be compliance with State registration requirements. Portable and stationary diesel powered equipment must meet the requirements of the State Air toxic Control Measures for CI engines as well as Lake County Noise Emission Standards.
- AQ-3: Construction and/or work practices that involve masonry, gravel, grading activities, vehicular and fugitive dust shall be management by use of water or other acceptable dust palliatives to maintain two inches of visibly-moist soil in the project area and to ensure that dust does not leave the property.
- AQ -4: The Cultivation of Commercial Cannabis is subject to AB 2588 Air Emission Inventory requirements administrated by the Lake County Air Quality Management District. Therefore, the applicant shall maintain records of all hazardous or toxic materials used, including a Material Safety Data Sheet (MSDS) for all volatile organic compounds utilized, including cleaning materials. Said information shall be made available upon request and/or the ability to provide the Lake County Air Quality Management District such information in order to complete an updated Air Toxic emission Inventory.
- AQ-5: All vegetation during site development shall be chipped and spread for ground cover and/or erosion control. The burning of vegetation, construction debris, including waste material is prohibited.
- AQ-6: Prior to obtaining the necessary permits and/or approvals for any phase, the applicant shall submit an <u>Odor Control Plan</u> to the Lake County Air Quality Management District, apply for and receive a temporary permit, and apply for an Authority to Construct permit.
- AQ 7: The applicant shall have the primary access and parking areas surfaced with chip seal, asphalt or an equivalent all weather surfacing to reduce fugitive dust generation.
- AQ 8: All areas subject to semi-truck/trailer traffic shall be paved with asphaltic concrete or an all-weather surfacing to reduce fugitive dust generation.
- <u>AQ -9</u>: All areas subject to low use (driveways, over flow parking, etc.) shall be surfaced with gravel. Applicant shall regularly use and/or maintain graveled area to reduce fugitive dust generations.
- AQ-10: The use of White Rock is prohibited for any road surfacing, including parking areas as it breaks down and would create excessive dust.

Cultural and Tribal Resources

- <u>CUL-1:</u> Should any archaeological, paleontological, or cultural materials be discovered during site development, all activity shall be halted in the vicinity of the find(s), the Middletown Rancheria or other local overseeing Tribe shall be notified, and a qualified archaeologist retained to evaluate the find(s) and recommend mitigation procedures, if necessary, subject to the approval of the Community Development Director. Should any human remains be encountered, they shall be treated in accordance with Public Resources Code Section 5097.98 and Health and Safety Code 7050.5.
- <u>CUL-2:</u> All employees shall be trained in recognizing potentially significant artifacts that may be discovered during ground disturbance. If any artifacts or remains are found, the Middletown Rancheria or other local overseeing Tribe shall immediately be notified; a licensed archaeologist shall be notified, and the Lake County Community Development Director shall be notified of such finds.

Hazards and Hazardous Materials

• HHM-1: Storage of potentially hazardous waste shall be in its original package, and shall be clearly labeled to display the volume and type of material stored. These packages will be kept inside a storm-proof shed or similar secured room inside a locked storage area that will only be accessible to authorized staff. When removing materials from storage the employee name, the type of material, date, and time will be entered into a hazardous waste manifest located within the secure storage area and will be stored for five years. When returning material into storage, the type of material, volume used, name of employee, date and time will be entered into the manifest. Storage areas containing hazardous waste will be inspected weekly by staff/employees to ensure accurate record keeping and safe storage conditions.

Noise

- <u>NOI-1:</u> All construction activities including engine warm-up shall be limited Monday Through Friday, between the hours of 7:00am and 7:00pm to minimize noise impacts on nearby residents. Back-up beepers shall be adjusted to the lowest allowable levels. This mitigation does not apply to night work.
- NOI -2: Maximum non-construction related sounds levels shall not exceed levels
 of 55 dBA between the hours of 7:00AM to 10:00PM and 45 Dba between the
 hours of 10:00PM to 7:00AM within residential areas as specified within Zoning
 Ordinance Section 21-41.11 (Table 11.1) at the property lines.
- NOI-3: Maximum non-construction related sounds levels shall not exceed levels as specified within Zoning Ordinance Section 21-41.11.12 at the property line.

VI. FINDINGS FOR APPROVAL

The Review Authority shall only approve or conditionally approve a Minor Use Permit (LCZO Section 50.4, Minor Use Permits) if all of the following findings are made:

 That the establishment, maintenance, or operation of the use applied for will not under the circumstances of the particular case, be detrimental to the health, safety, morals, comfort and general welfare of the persons residing or working in the neighborhood of such proposed use, or be detrimental to property and improvements in the neighborhood or the general welfare of the County.

The immediate area contains rural land with several homes that are located at least 955 feet away from the mixed light cultivation site. As previously discussed, the potential impacts resulting from this proposal are Air Quality (odor), Hydrology (water quality and quantity) and Noise. All of these significant impacts have been adequately addressed within the applicant's submittal for the reasons previously stated.

2. That the site for the project is adequate in size, shape, location, and physical characteristics to accommodate the type of use and level of development proposed.

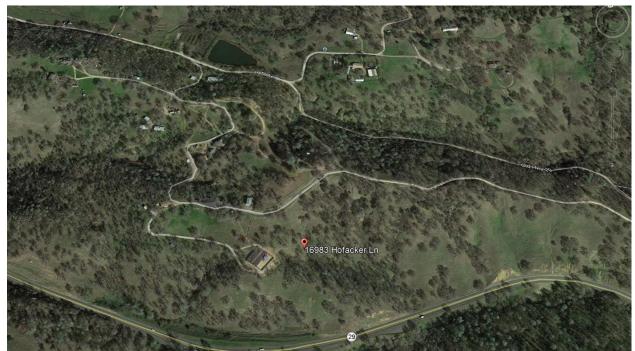
The proposal is for a cultivation area to be located inside three 30' x 96' greenhouses (each is 2,880 s.f. in size. The Lake County Cannabis Ordinance allows Type 1, 2, 3 and 4 cultivation licenses on RL-zoned land, and the subject site is 48.46 acres in size, large enough to enable the three 30' x 96' mixed light cultivation occurring in greenhouses that have been applied for.

3. That the streets, highways and pedestrian facilities are reasonably adequate to safely accommodate the specific proposed use.

The site is served by Hofacker Lane, an unpaved gated public road. Leading up to the subject site, the dirt road has two approximately 10' wide travel lanes and virtually no shoulder. The area is very sparsely populated; the likelihood of pedestrians using the shoulder are generally minimal. The use will likely generate between 10 to 20 average daily trips depending on the number of employees working on certain shifts. There are no known capacity issues associated with Hofacker Lane or surrounding streets.

4. That there are adequate public or private services, including but not limited to fire protection, water supply, sewage disposal, and police protection to serve the project.

This application was routed to all of the affected public and private service providers including Public Works, Special Districts, Environmental Health, and PG&E, and to all area Indian Tribes. Relevant comments are attached as 'Attachment 3'. No adverse comments were received.



Aerial View of Site

- 5. That the project is in conformance with the applicable provisions and policies of this Code, the General Plan and any approved zoning or land use plan.
 - Since commercial cannabis cultivation is named as a permitted use in the RL zoning district within the Commercial Cannabis ordinance, this proposal is consistent with the governing ordinance for cannabis cultivation in Lake County. The General Plan and Lower Lake Area Plan do not have any provisions for commercial cannabis, but both plans do have provisions for economic development and related policies.
- 6. That no violation of Chapters 5, 17, 21, 23 or 26 of the Lake County Code currently exists on the property, unless the purpose of the permit is to correct the violation, or the permit relates to a portion of the property which is sufficiently separate and apart from the portion of the property in violation so as not to be affected by the violation from a public health, safety or general welfare basis.

The Community Development Department has no record of current violations of Chapters 5, 17, 21, 23 or 26 of the Lake County Code for this property. This was confirmed on September 20, 2018.

VII. RECOMMENDATION

Staff recommends the Planning Commission:

A. Adopt the mitigated negative declaration for MUP 18-10 with the following findings:

- Potential environmental impacts related to air quality have been mitigated to less than significant levels by mitigation measures AQ-1, AQ-2, AQ-3, AQ-4, AQ-5, AQ-6, AQ-7, AQ-8, AQ-9 and AQ-10.
- 2. Potential environmental impacts related to cultural and tribal resources have been mitigated to less than significant levels by mitigation measures CUL-1 and CUL-2.
- 3. Potential environmental impacts related to hazards and hazardous materials have been mitigated to less than significant levels by mitigation measure HHM-1.
- 4. Potential environmental impacts related to noise have been mitigated to less than significant levels by mitigation measures NOI-1, NOI-2 and NOI-3.
- 5. As mitigated, this project will not result in any significant adverse environmental impacts.

B. Approve Minor Use Permit MUP 18-10 with the following findings:

- That the establishment, maintenance, or operation of the use applied for will not under the circumstances of the particular case, be detrimental to the health, safety, morals, comfort and general welfare of the persons residing or working in the neighborhood of such proposed use, or be detrimental to property and improvements in the neighborhood or the general welfare of the County.
- 2. The site is adequate in size, shape, locations, and physical characteristics to accommodate the type of use and level of development proposed.
- 3. The streets, highways and pedestrian facilities are reasonably adequate to safely accommodate the proposed use.
- 4. There are adequate services to serve the project.
- 5. This project is consistent with the Lake County General Plan, Kelseyville Area Plan and Lake County Zoning Ordinance.
- 6. No violation of Chapter 5, 17, 21, 23 or 26 of the Lake County Code currently exists on this property.

Sample Motions:

Mitigated Negative Declaration

I move that the Planning Commission find that the original and revised **Initial Study (IS 18-16)** applied for by **Stephan Sandtner representing 707 Organics** on property located at **16983 Hofacker Lane, Lower Lake** further described as **APN: 012-056-44** will not have a significant effect on the environment and therefore a mitigated negative declaration shall be approved with the findings listed in the staff report dated **May 13, 2019**.

Minor Use Permit (MUP 18-10)

I move that the Planning Commission find that the Minor Use Permit (MUP 18-10) applied for by Stephan Sandtner representing 707 Organics on property located at 16983

Hofacker Lane, Lower Lake further described as **APN: 012-056-44** does meet the requirements of Section 50.4 of the Lake County Zoning Ordinance and the Minor Use Permit be granted subject to the conditions and with the findings listed in the staff report dated **May 13, 2019**.

<u>NOTE</u>: The applicant or any interested person is reminded that the Zoning Ordinance provides for a seven (7) calendar day appeal period. If there is a disagreement with the Planning Commission, an appeal to the Board of Supervisors may be filed. The appropriate forms and applicable fee must be submitted prior to 5:00 p.m. on or before the seventh calendar day following the Commission's final determination.

Reviewed	by:
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