



Legislation Text

File #: 20-020, **Version:** 1

PLN19-0060; Consideration of a Conditional Use Permit to allow for cannabis product manufacturing of cannabis infused kombucha and beverages at 2994 Teagarden Street. Pursuant to the Zoning Code, Industry Cannabis Product Manufacturing is conditionally permitted per Zoning Code Section 2-706.B.14 and 4-1640.A. Zoning District: IG Industrial General District; Alameda County Assessor's Parcel Number 079B-1229-022-00; Fantasy Elixirs and Medicinals (applicant), Lehmer-Chang Gardens LLC (property owner).

SUMMARY AND RECOMMENDATION

The applicant Fantasy Elixirs and Medicinals is proposing a ± 935 square foot cannabis product manufacturing facility within an existing $\pm 4,495$ square-foot industrial tenant space at 2994 Teagarden Street. San Leandro Zoning Code Sections 2-706.B.14 and 4-1640 require approval of a Conditional Use Permit prior to establishment of a Cannabis Product Manufacturing Facility in the IG Industrial General District.

Staff recommends that the Board of Zoning Adjustments Adopt Resolution 2020-003, approving a Conditional Use Permit for a Cannabis Product Manufacturing Facility at 2994 Teagarden Street, PLN19-0060, based on the Findings of Fact and subject to the Conditions of Approval.

APPLICANT'S SUPPORTING STATEMENT

See attached Applicant Project Scope and Summary.

RELATIONSHIP TO SURROUNDING AREA

The subject property is zoned IG Industrial General District, as are the immediate properties to the south, east, and west. Adjacent properties within Teagarden Street primarily consist of multi-tenant industrial buildings that support uses including warehouses, wholesale businesses, light manufacturing, and tracking/distribution terminals.

The subject site at 2994 Teagarden Street consists of a $\pm 4,495$ square foot tenant space within a 4-building cluster accommodating approximately 23 total tenants. The unit at 2994 Teagarden is in the southeast corner of building #3. The industrial condominium cluster is located on the north side of Teagarden Street with Interstate 880 to the southwest. All units share two common parking lots - both in front and in the rear of the development.

The surrounding location is predominantly industrial, and the subject property is distant and isolated from sensitive land uses such as residences, schools, childcare facilities, parks and community centers. Staff estimates that the closest school to the 2974 Teagarden property is Lincoln High School, measured through Google Earth to be over 2,000 ft away (approximately .4 miles). Proposition 64 established a cannabis business buffer of 600 feet from schools, day care centers and

youth centers.

BACKGROUND

The single-story industrial condominium building, comprising of ±62,572 square-foot building on a ±148,750 square foot lot, was originally constructed in 1973. The existing commercial/industrial building went through a condominium conversion in 2005 dividing the ±62,572 square-foot building into 23 individual ownership (condominium) units ranging from 1,424 SF to 5,000 SF in area. A Property Owner Association was formed and the common areas such as the parking area and landscaping is managed in common by the condominium owners (*Teagarden Business Center Owners Association*).

The proposal by Fantasy Elixirs and Medicinals features cannabis product manufacturing of cannabis infused kombucha and beverages and would share an existing tenant space with House Kombucha, a manufacturer and processor of kombucha. Fantasy Elixirs and Medicinals will apply for license Type 6 (using non-volatile solvents), Type N (manufacturers performing infusions), and Type P (manufacturers only packaging or labeling cannabis products) from the California Department of Public Health Manufactured Cannabis Safety Branch.

DETAILS OF THE PROPOSAL

Fantasy Elixirs and Medicinals is requesting a Conditional Use Permit to operate a new cannabis product manufacturing facility at 2994 Teagarden Street. Fantasy Elixirs and Medicinals is proposing to add cannabis extracts to beverage products currently produced by House Kombucha. Fantasy Elixirs and Medicinals will add THC extracts and other herbs, fruits, and flavors to kombucha and other non-kombucha beverages such as carbonated water and fruit juice. Fantasy Elixirs and Medicinals was created by the owners of House Kombucha as a separate corporation. The applicant is proposing to use ±935 square feet of underutilized space within the House Kombucha facility. The Fantasy Elixirs and Medicinals facility will be secure and separate from the House Kombucha production space. Both facilities will share an employee room and office/reception area.

Fantasy Elixirs and Medicinals will be obtaining Type 6 (using non-volatile solvents), Type N (manufacturers performing infusions) and Type P (manufacturers only packaging or labeling cannabis products) licenses from the California Department of Public Health Manufactured Cannabis Safety Branch for the proposed cannabis product manufacturing of cannabis infused kombucha and beverages. The Fantasy Elixirs and Medicinals facility will have designated areas for manufacturing and packaging, shipping, receiving, warehousing finished and unfinished goods, and quality control.

Fantasy Elixirs and Medicinals will purchase cannabis extracts such as emulsified cannabis oil from authorized distributors in 2 gallon quantities with a total of 5 gallons stored on site per month. Minimal waste, mainly from packaging materials, will be produced from the manufacturing process. The cannabis extracts will be stored in sealed containers and emit no odors when added to the beverages, resulting in no smells or vapors from the manufacturing process. A traffic report, noise study, and odor assessment were conducted by Richard C. Doering, dated August 23, 2019, containing findings that traffic generation resulting from the proposed use would be negligible and that no noise control measures would be required.

Fantasy Elixirs and Medicinals security operations include restricted access, anti-theft prevention

measures, alarms/monitoring, 24/7 video surveillance, and a Security Manager. The applicant plans to operate during standard business hours, 7:00 a.m. to 5:00 p.m. Monday through Friday and occasionally on weekends. The Fantasy Elixirs and Medicinals facility will employ approximately eight employees. As a cannabis manufacturing facility, the building will have no signage indicating its use.

STAFF ANALYSIS

A Cannabis Product Manufacturing use is conditionally permitted use within the IG Industrial General Zoning District. This is to ensure that cannabis product manufacturing uses are evaluated on a case-by-case basis. The Board of Zoning Adjustments may impose conditions of approval to ensure the use is compatible with the surrounding area. The Conditional Use Permit authorizes the cannabis product manufacturing facility to manufacture, process, and package products derived from or infused with cannabis for wholesale or retail to cannabis dispensaries or other cannabis product distributors and manufacturers as allowed by State law. The Conditional Use Permit does not include the cloning, planting, or cultivation of cannabis plants or the direct sales, distribution, delivery, or dispensing of manufactured cannabis products to the public. The applicant will be further required to obtain the necessary permits to operate the cannabis product manufacturing facility in the City of San Leandro, including a Business License and all necessary permits required under State law. Any major change to the use or operation of the cannabis product manufacturing facility is conditioned to require application for a modified Conditional Use Permit.

Surrounding Area

The surrounding location is predominantly industrial, and the subject property is distant and isolated from sensitive land uses such as residences, schools, childcare facilities, parks, and community centers. Staff estimates that the closest school to the 2974 Teagarden property is Lincoln High school, measured through Google Earth to be over 2,000 feet away (approximately .4 miles). Proposition 64 sets a default buffer of 600 feet from schools, day care centers and youth centers.

Building

The Fantasy Elixirs and Medicinals facility would be located within an existing industrial warehouse building and meets requirements for lot size, width, height, setbacks, parking, floor area ratio (FAR), and coverage. The single-story building has one main entrance, a secure loading bay with roll up door, and one rear entrance/exit. There are no outdoor loading or storage areas that need to be visually screened. Tenant improvements are proposed to the interior of the existing building. The proposed tenant improvements are to change an office and storage area of House Kombucha to space to be used by Fantasy Elixirs and Medicinals (approximately 935 square feet). The interior tenant improvements to the building are conditioned to comply with all Building and Fire Code requirements.

No work is proposed to the exterior of the existing building. The existing site is adequately served by streets, utilities and other public facilities. The existing parking & accessible stalls/stripping, landscape planters, curbs gutters/concrete walks, asphalt/concrete drives, and curb cuts are to remain. The off-street parking spaces in the two common parking lots will provided for on-site parking that can accommodate the proposed eight employees for Fantasy Elixirs and Medicinals.

Operations

The proposed cannabis product manufacturing facility will use small quantities of cannabis extracts that are shelf stable. The cannabis extracts are sealed in containers and emit no odors when opened and added to kombucha or other beverage products. During the bottling process and when the finished good are packaged and warehoused there are no smells, vapor, exhaust, or odors. A traffic report, noise study, and odor assessment conducted by Richard C. Doering dated August 23, 2019 found that traffic will be negligible and no noise control measures are required.

Applicant will comply with applicable local, state and federal law with regard to the handling and disposal of waste generated on site, if any. Applicant will comply with the Solid Waste and Recycling Program of the City of San Leandro as well as the Alameda County Mandatory Recycling Ordinance #2012-01. The subject property falls within the Alameda County Industries (ACI) and the applicant understands that the City of San Leandro holds an exclusive franchise agreement for solid waste and recycling services with ACI.

Security

In addition to the proposed security features in the Applicants Security Plan, the following conditions are applied to the proposed alarm and security system:

- The security cameras that are operated 24 hours a day, 7 days a week shall monitor the entire unit and shall be capable of producing retrievable images and storing them digitally, where the records are able to be enlarged and used to assist law enforcement.
- The security monitoring system shall be capable of identifying all vehicles entering and leaving the parking lot areas of the facility, as well as all individuals entering and leaving the manufacturing facility.
- The cannabis product manufacturer shall be responsible for providing City law enforcement officials with the current staff roster and emergency contact information and shall notify the City law enforcement officials when changes are made.
- All visitor logs shall be made available to City law enforcement officials upon request.

With the incorporation of the Recommended Conditions of Approval and adherence to the California Health and Safety Code regulations, and San Leandro Administrative Code, staff is able to recommend Board approval of the project based on the Recommended Findings of Fact Exhibit A to Resolution 2020-003.

GENERAL PLAN CONFORMANCE

The General Plan designates this site within the Light Industrial area in the City's General Plan Land Use Diagram. Chapter 3 of the General Plan states that "Light Industrial areas may contain wholesale activities, distribution facilities, research and development or e-commerce uses, business services, technology, and manufacturing operations which produce minimal off-site impacts. Campus-style industrial parks and professional offices also are permitted. A limited range of commercial uses

also is permitted in these areas.”

The specific proposal by Fantasy Elixirs and Medicinals features a manufacturing use of cannabis infused kombucha and beverages and would operate similar to other industrial manufacturing uses in a space that is currently used by House Kombucha for kombucha manufacturing and processing. The use of the existing industrial building space to accommodate the cannabis product manufacturing is conditionally compatible at this site and the use will not be detrimental to the public health, safety or welfare of persons residing or working in or adjacent to the area and will not be detrimental to properties and improvements in the surrounding industrial area.

The following General Plan goals and policies are applicable to the proposed project (note: LU-Land Use; ED-Economic Development):

Goal LU-7 Innovation Districts. Sustain dynamic innovation districts which place San Leandro on the leading edge of the Bay Area's manufacturing and technology economy.

Policy LU-7.1 Leveraging Locational Assets. Build on the locational strengths and transportation features of San Leandro's industrial area to support the area's continued development as a major advanced manufacturing, technology, and office employment center.

Policy LU-7.2 Adaptive Reuse. Encourage private reinvestment in vacant or underutilized industrial and commercial real estate to adapt such property to changing economic needs, including the creation of flex/office space and space for technology-driven businesses.

Policy ED-1.3. Industrial Land Use Efficiency. Encourage more efficient use of the City's industrial land supply, creating higher employment densities and high quality jobs, while discouraging the use of large sites and buildings for storage and other low intensity uses. Ensure that zoning and other development regulations support higher utilization of sites zoned for commercial and industrial activities.

ENVIRONMENTAL REVIEW

This item (PLN19-0060) is categorically exempt from the California Environmental Quality Act (CEQA) per CEQA Guidelines, Article 19, Section 15301 as an Existing Facility that involves minor alterations and negligible expansion of use with interior improvements.

PUBLIC OUTREACH

This item received standard noticing for the February 6, 2020 Board of Zoning Adjustments hearing, including a legal advertisement in the East Bay Times Daily Review newspaper, the posting of notices at City Hall and on the property, and mailing notification to business and property owners within 500 feet of the subject property.

RECOMMENDATION

The uses as proposed conform both to the City Zoning Code and to the General Plan. Any potential issues associated with the applications will be addressed by the implementation of the recommended

Conditions of Approval. Staff therefore recommends that the Board of Zoning Adjustments motion to adopt Resolution 2020-003, approving a Conditional Use Permit for a Cannabis Product Manufacturing Facility at 2994 Teagarden Street, PLN19-0060, based on the Findings of Fact and subject to the Conditions of Approval.

ATTACHMENTS

Vicinity Map

Applicant Project Scope and Summary (includes Project Description, Site Photos, and Traffic and Noise Study)

Plan Exhibits A-C

Resolution 2020-003 with Recommended Findings and Conditions of Approval (Legistar File 20-021)

PREPARED BY:

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