



Legislation Text

File #: 19-243, **Version:** 1

Consideration of a Conditional Use Permit (PLN18-0101) for a proposed $\pm 5,330$ square-foot Cannabis Testing Laboratory within an existing industrial building at 2974 Tegarden Street, zoned IG (Industrial General). A “*Laboratory, Cannabis Testing Facility*” is a conditionally permitted use on the subject property. Alameda County Assessor’s Parcel Number 77B-1229-25; Shasta Labs, Inc. / Daesoeb Cho (applicant) and Iwen Chang (property owner).

SUMMARY AND RECOMMENDATION

The applicant Shasta Labs, Inc. is proposing a $\pm 5,330$ square-foot cannabis testing laboratory within an existing structure at 2974 Tegarden Street, currently a for-lease, multi-tenant industrial condominium. Per San Leandro Zoning Code Sections 2-706.B.16 and 4-1640, the applicant is required to secure approval of a Conditional Use Permit prior to establishment of a Cannabis Testing Laboratory in the IG Industrial General District.

Staff believes that, with the recommended Conditions of Approval, the proposed project will be compatible with adjacent industrial and commercial development in the immediate neighborhood. Staff recommends that the Board of Zoning Adjustments (BZA) adopt Resolution 2019-004 based on the required findings for approval found in Exhibit A.

APPLICANT'S SUPPORTING STATEMENT

See Attachment 2, Applicant Project Description.

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 Tegarden Street primarily consist of multi-tenant industrial condominium buildings that support light industrial uses including warehouses, wholesale businesses, light manufacturing, and tracking / distribution terminals.

The applicant has provided written acknowledgement and approval of use as a cannabis testing laboratory by both the property owner and the Teagarden Business Center Owners Association (see Attachment 4).

The subject site at 2974 Tegarden Street consists of a $\pm 5,330$ square-foot tenant space within a 4-building cluster accommodating 23 total tenants. The unit at 2974 Teagarden is in the northeast corner of building #2. The industrial condominium cluster is located on the north side of Tegarden 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 all sensitive land uses such as residential, educational, childcare, recreational, 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 sets a default buffer of 600 feet from schools, day care centers and youth centers. Based on studies conducted by the company and accompanying this staff report, the facilities operation will not generate significant noise, no nuisance odors or traffic impacts on the immediate neighbors, the city or its residents.

BACKGROUND

The single-story industrial condominium building, comprising of $\pm 62,572$ square-foot building on a $\pm 148,750$ square foot lot, was originally constructed in 1973. The existing commercial/industrial building went through a condominium conversion in 2005 dividing the $\pm 62,572$ 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*).

Shasta Laboratory, Inc. ("Shasta Laboratory") is a California Corporation, incorporated July 2018 with California Registration No. C4175125 and Federal EIN 83-1344024. After receiving the applied for CUP entitlement, the company will apply for the California state Testing Laboratory Type 8 permit under the Bureau of Cannabis Control (BCC) Proposed Text of Regulations as of October 2018.

Shasta Laboratory will provide thorough and comprehensive testing of cannabis for harmful levels of contaminants to ensure these products are safe for public consumption. It is not uncommon to find lead, mercury, cadmium and arsenic in cannabis samples. Shasta Laboratory's goal is to bring accurate, complete, safe, high-quality controlled and scientifically validated testing of cannabis products to service to California markets.

DETAILS OF THE PROPOSAL

Shasta Labs will provide the following laboratory testing services to cannabis product cultivators, distributors, manufacturers and dispensaries as required by the Bureau of Cannabis Control:

1. Cannabinoids
2. Foreign material
3. Heavy metals
4. Microbial impurities
5. Mycotoxins
6. Moisture content and water activity
7. Residual pesticides
8. Residual solvents and processing chemicals
9. Terpenoids

Shasta Labs also expects to secure ISO/IEC 17025 accreditation for its testing laboratory within one (1) year from the grant of its license.

Shasta Labs is proposing to occupy $\pm 5,330$ square-foot of interior tenant space. Phase 1 is $\pm 2,812$

SF (52%) is by Shasta Bio, Inc. and is for administrative offices as indicated in *green* in Attachment 3 - Exhibit A and is covered by approved Building Permit # B18-20141. The CUP application for the cannabis testing lab is Phase 2 is ±2,518 SF (47%) of the overall leased space by Shasta Labs, Inc. and is outlined in *red* in Attachment 3 - Exhibit A. Tenant improvements proposed are to remove and replace the existing HVAC system, restrooms and all associated mechanical, plumbing and electrical.

The operation will initially need about 2,518 square feet with 200 amps 3-phase power for the testing lab operation.

PREMISES:

The laboratory will include separate rooms, each of which are partitioned for the following activities:

1. Sample receiving area near the front door.
2. Sample storage before analysis will be in the locked reagent cabinet in secured room.
3. Sample preparation and recording will be in the secured laboratory room.
4. Microbiology analysis in secured laboratory room.
5. Chemistry analysis in secured laboratory room.
6. Office space will be separate from secured analysis area.

SECURITY / SAFETY:

During regular business hours, the premises will be accessible on request to any properly identified governmental inspector. The company has developed and will implement security protocols to prevent theft and loss of cannabis samples. The security protocol will be documents in writing and implemented by all laboratory personnel. Restricted access, alarms / monitoring, 24/7 video surveillance system, and anti-burglary/robbery prevention measures will be employed.

During non-operating hours, all cannabis samples will be stored indoors on the premises in a secure are with all entries secured with a steel door in a steel frame (or equivalent) and commercial-grade locks. There will be no cannabis inventory located on site. This facility is testing lab and does not hold samples over 24 hours.

All samples will be extracted within 24 hours for an analysis. As a rule, all samples will be extracted, tested and analyzed within 24 hours from receipt. After the testing, the samples will no longer have any commercial value and can no longer be consumed. There will be no remaining cannabis samples after each sample's testing. The expected quantities to be received daily by the lab shall be no more than 100 grams and will be tested and disposed within 24 hours from receipt.

Cannabis testing samples will be delivered to the facility by properly trained persons with a valid transportation license under Bureau of Cannabis Control (BCC) regulations. The company expects to exclusively contract with third party licensed transportation companies for sampling and transportation to ensure safety and compliance with applicable regulations. The company will not accept any testing samples from non-licensed entities.

ODOR MITIGATION:

The company will have odor control devices and techniques including sufficient odor absorbing

ventilation, and exhaust filtration system and a negative air pressure system so the odor generated inside the facility that is distinctive to its operation is not detected outside the facility, anywhere on the adjacent property or public rights of way, on or about the exterior or common are walkways, hallways, breezeways, foyer, lobby areas, or any other areas available for use by the visiting public, or within any other unit located near by the building as the cannabis testing lab business. Australian charcoal is the best method and most absorbent carbon available for smell-proofing cannabis and will be employed for that purpose at this testing site.

EMPLOYEES:

The company expects the lab to have 5 full time employees, as follows:

1. Lab Director - 1 person
2. Lab Manager - 1 person
3. Office Manager - 1 person
4. Analytical chemists - 2 persons
5. Samplers - none, as expectation is that a third party will provide this service

EXPECTED CUSTOMERS:

The company expects 5 or fewer contracted customers per day coming into the lab during open hours. Shasta Laboratory does not expect to accept “walk-in” samples.

OFFICE HOURS:

The laboratory plans to operate during standard business hours from 9:00am to 6:00pm Monday through Friday.

ANALYSIS

A “*Laboratory, Cannabis Testing Facility*” is a conditionally permitted use on the subject property within the IG Industrial General Zoning District. This is to ensure that cannabis testing laboratory uses are evaluated on a case-by-case basis and that the Board of Zoning Adjustments can place Conditions of Approval to deem the proposed use adequate and appropriate with the surrounding area.

Building - The Shasta Laboratory facility is located within an existing industrial warehouse building and meets requirements for lot size, width, height, setbacks, floor area ratio (FAR), and coverage. The single-story building has 1 main entrance, a secure loading bay with roll up door, and 1 rear exit used for emergency exit only; there are no side or rear yards and no outdoor loading or storage areas that need to be visually screened.

Tenant improvements are proposed to the existing building, which will ensure that the aging building is maintained through façade and interior enhancements. Outside of business operating hours, all exterior doors, windows, or other points of ingress/egress will be locked with commercial locks rated to ANSI grade 1 or similar standards.

Tenant improvements proposed are to remove and replace the existing HVAC system and restrooms and all associated mechanical, plumbing and electrical. The application primarily consists of tenant improvements to an existing facility and therefore would use utility connections that are already in place.

Surrounding Area - The surrounding location is predominantly industrial, and the subject property is distant and isolated from all sensitive land uses such as residential, educational, childcare, recreational, 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 sets a default buffer of 600 feet from schools, day care centers and youth centers.

Odor / Noise - The proposed testing laboratory will employ strict odor control / mitigation measures and thus no nuisance odors are expected to be transmitted in the testing process and any exhaust will be filtered to meet emissions regulations.

Site Improvements - The existing parking & accessible stalls / striping, landscape planters, curbs gutters / concrete walks, asphaltic / concrete drives, curb cuts and main service electrical transformer are to remain.

In addition to the proposed security features (see Attachment 2), the following conditions are applied to the proposed alarm and video surveillance systems:

1. Alarm system - The premises will have an alarm system programmed to activate upon unauthorized breach of any door, window, or other point of entry. The alarm system will provide immediate notification to an authorized representative of the company in the event of any unauthorized entry to any portion of the premises.
2. Video surveillance system - The video surveillance system will cover all areas where any cannabis items (including plants and waste) are present at any time, including pathways where the product will be moved, without any "blind spots". All cameras will record continuously 24 hours a day in all lighting conditions.

Parking - Twenty off-street parking spaces are provided (*18 for staff and 2 visitors*) on site and are enough to accommodate the proposed 5 employees and anticipated visitors of the cannabis testing laboratory.

Hazard waste - Applicant will comply with applicable local, state and federal law with regard to the handling and disposal of hazardous 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 planned development 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.

Permitted Use - The CUP authorizes Shasta Labs to provide laboratory testing services to cannabis product cultivators, distributors, manufacturers and dispensaries as required by the Bureau of Cannabis Control. The applicant shall obtain the necessary permits to operate the cannabis testing laboratory in the City of San Leandro, including a San Leandro Business License and all necessary

permits required under State law or regulations.

The Alameda County Fire Department and the City of San Leandro Engineering staff have reviewed the proposed parking configuration and find it acceptable for emergency vehicle requirements and regular traffic access and transit requirements.

During non-operating hours, all cannabis samples will be stored indoors on the premises in a secure area with all entries secured with a steel door in a steel frame (or equivalent) and commercial-grade locks. All samples will be entirely used in the testing within 24 hours of receipt, and there will be no remaining cannabis samples after each sample's testing. Any changes to the operation of the cannabis testing laboratory is conditioned to require application for a modified Conditional Use Permit.

The cannabis testing laboratory shall be responsible for providing City law enforcement officials with the most up-to-date staff roster and emergency contact information and shall notify the City within 15 days of when changes are made. All visitor logs shall be made available to City law enforcement officials upon request. The City shall maintain the ability to review or revoke this permit and set a new public hearing date to correct programs that may arise related to maintenance, parking, public safety, code violations, and nuisance issues.

With the incorporation of the recommended Conditions of Approval (Attachment 6) and adherence to the California Health and Safety Code regulations, California Attorney General Guidelines, and San Leandro Administrative Code, staff can recommend Board approval of the project based on Attachment 5 Findings of Fact.

GENERAL PLAN CONFORMANCE

The General Plan designates this site within the General Industrial area, which permits "a wide range of manufacturing, transportation, food and beverage processing, technology, warehousing, vehicle storage, office-flex, and distribution uses," subject to performance standards to avoid adverse off-site effects.

The specific proposal by Shasta Labs features administrative and manufacturing use and would operate like other industrial manufacturing uses in the surrounding area. Thus, the adaptive reuse of the existing industrial warehousing space to accommodate the cannabis testing lab 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.

The following General Plan goals, policies, and actions are applicable to the proposed project:

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.

ENVIRONMENTAL REVIEW

The Board of Zoning Adjustments finds that this item (PLN18-0101) is categorically exempt from the California Environmental Quality Act (CEQA) per CEQA Guidelines, Article 19, Section 15301 (a) as interior and exterior alterations to an Existing Facility.

PUBLIC OUTREACH

This item received noticing for the May 2nd, 2019 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. Public comments received prior to the publishing of this packet are attached. One comment letter received from an adjacent business relates to an internal Business Owners Association concern related to the proposed CUP, however the City does not regulate or enforce private Codes, Covenants and Restrictions (CC&Rs).

ATTACHMENTS

1. Vicinity Map and Site Photos
2. Site Plans
 - a) Site Plan Exhibit A - dated February 23, 2019
 - b) Floor Plan Exhibit B - dated February 23, 2019
3. Project Description/Operational Plan dated December 19, 2018
4. Letters of Authorization (Property Owner and Teagarden Business Center Owners Association)
5. Public Comments Received

Resolution 2019-004

6. Recommended Findings of Fact
7. Recommended Conditions of Approval

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