



AGENDA STAFF REPORT

DATE: August 22, 2018

TO: Mayor and City Council

APPROVED BY: David Dale, City Manager *MD for David Dale*

PREPARED BY: Ralph B. Morales, Building/Planning/Code Enforcement Manager
Kirt A. Coury, Planning Consultant *[Signature]*

SUBJECT: Public Hearing for City Council to Consider Approval of the Following:
A. The Environmental Impact Report and Development Agreement for Trinity Property Company, LLC.
B. Adoption of Resolution of the City Council of the City of Calexico, California, Approving the Certification of the Final Environmental Impact Report (SCH#2017121037), and Adoption of Findings of Fact and a Statement of Overriding Considerations, and Adoption of a Mitigation Monitoring and Reporting Plan for the Trinity Property Company, LLC., for the Establishment of a Cannabis Cultivation and Manufacturing Facility Project.
C. Introduce and Waive First Reading of an Ordinance Approving a Development Agreement Between the City of Calexico and Trinity Property Company, LLC for the Establishment of a Cannabis Cultivation and Manufacturing Facility Project for Real Property within the City of Calexico.

=====

Recommendation:

It is recommended that the City Council adopt: Resolution No. 2018-__ for the certification of the Trinity Cultivation and Manufacturing Facility Environmental Impact Report No. 2018-XX; Introduce ordinance and waive first reading of the City Council of the City of Calexico for a Development Agreement pertaining to the Trinity Cannabis Cultivation and Manufacturing Facility located at 2421 Enterprise Boulevard; based on the Findings, Attachments, Exhibits, Conditions of Approval, and Mitigation Measures.

Background:

In response to the City's recent actions that allow for cultivation,

AGENDA ITEM _____
--

manufacturing, distribution, testing, and transportation of cannabis, the City has begun receiving applications to develop such uses. On October 30, 2017, a Uniform Application package was submitted to the City of Calexico by Trinity Property Company, LLC. The application proposes the construction of three and operation of four cannabis cultivation and manufacturing facilities and one Transportation and Distribution Facility (collectively “Trinity Cannabis Cultivation and Manufacturing Facility”, “Project” or “proposed Project”) located within the Cannabis Overlay Zone (COZ) in Calexico, California.

On August 6, 2018, the Calexico Planning Commission reviewed and approved the proposed application and project. There was discussion relating to information provided on the project, as well as the operational details of the project and site.

Discussion & Analysis:

Chapter 17.11.1030(A) identifies that commercial cannabis activity may be located in the Cannabis Overlay District, upon either issuance of a CUP or full execution of a Development Agreement approved by city council and issuance of a regulatory permit, or as otherwise permitted in the code. As previously noted, the applicant is requesting a Development Agreement, a Lot Line Adjustment and Parcel Carve-out, as well as a Cultivation and a Manufacturing License, Commercial Cannabis Activity Regulatory Permit Application, Environmental Information Application, Site Plan Review, and all necessary Building Permits.

The proposed Trinity Cannabis Cultivation and Manufacturing Facility would be constructed in two phases over a period of 30 months. Construction would start with Phase 1 tenant improvements on the existing 33,112 sq. ft. structure at 2421 Enterprise Boulevard, carve-out of a transportation and distribution facility parcel and a 1,056 sq. ft. transportation office. Phase 2 would include three buildings totaling 130,550 sq. ft. of cultivation and manufacturing as well as a 2,200 sq. ft. administration building and a 323 sq. ft. guard house. In total, the Project would occupy 8.44 acres with 167,241 sq. ft. and have 263 parking spaces (Exhibit 2). Each of the two phases of the proposed Project is described in detail below:

Phase 1

Building A, 2421 Enterprise Boulevard

The existing 33,112 sq. ft. building is located on a single parcel proposed for a Lot Line Adjustment and parcel carve-out. The parcel is approximately 2.21 acres in size and zoned Industrial. The parcel fronts on Enterprise Boulevard to the east. The Applicant proposes tenant improvements to accommodate cannabis cultivation and manufacturing within the existing structure. The site would include 53 parking spaces (Exhibit 3). The Application requests a Lot Line Adjustment and Parcel Carve-out to create a new parcel for the Transportation and Distribution Facility immediately to the north of 2421 Enterprise Boulevard. A Building Permit for the tenant improvements was issued March 26, 2018. The interior demolition is currently taking place with tenant improvements anticipated to

be completed in mid-November 2018.

Transportation and Distribution Facility –

The Transportation and Distribution Facility is a 10,000-sq. ft. (0.23 acres) parcel located immediately north of 2421 Enterprise Boulevard fronting on Enterprise Boulevard to the east. A new APN would be created for the Transportation and Distribution Facility from an existing parcel. The Transportation and Distribution Facility includes 15 parking spaces and includes a 1,056-sq. ft. transportation office. The Facility would be surrounded by an 8-foot tall steel fence and 8-foot tall concrete masonry unit fence. The action proposed by the application is to be determined upon approval of the parcel map. The Transportation and Distribution Facility would be constructed concurrent with the tenant improvements at 2421 Enterprise Boulevard (approximately September 2018).

Phase 2

Building B, Parcel 1 -

Building B is a 38,500-sq. ft. structure proposed on two parcels proposed for a Lot Merger totaling 2.0 acres and zoned Industrial. The parcel fronts on Sunset Boulevard to the west. Building B includes a ground-floor and mezzanine. The site would include 76 parking spaces. The application requests a Lot Merger for the two parcels to create Parcel 1. Construction of Building B is anticipated to begin in the first quarter of 2019 with completion by the fourth quarter of 2019.

Building C, Parcel 2 –

Building C is a 48,300-sq. ft. structure proposed on a single parcel proposed for a Lot Line Adjustment totaling 2.00 acres and zoned Commercial Highway. The parcel fronts on Sunset Boulevard to the west. Building C includes a ground-floor and mezzanine. The site would include 57 parking spaces. The application requests a Lot Line Adjustment. Construction of Building C is projected to begin in the first quarter of 2019 with completion estimated by the fourth quarter of 2019.

Building D, Parcel 3 –

Building D is a 43,750-sq. ft. structure proposed on a single parcel proposed for a Lot Line Adjustment totaling 2.00 acres and zoned Industrial. The parcel fronts on Sunset Boulevard to the west. Building B includes a ground-floor and mezzanine. The site would include 62 parking spaces. The application requests a Lot Line Adjustment. Construction of Building D is projected to begin around April 2020 with targeted completion of October 2020.

Perimeter Fence

All Project parcels will be surrounded by an 8-foot concrete masonry wall. Gates will be located at all driveways and internal gates will provide a second layer of security to the drive/loading aisles and delivery and parking area.

Site Access

Building A

Building A would be accessed via two driveways on the east side of 2421 Enterprise Boulevard. A single 24-foot wide driveway would be located on the south side of the building accessing the parking lot. A 30-foot wide driveway serving as the main access would be located on the north side of Building A. A 30-foot easement access gate is proposed on the west side of the parcel allowing access between Building A and the internal drive/loading aisles located on Parcels 1, 2 and 3 to the west.

Building B

Building B would be accessed via two driveways off of Sunset Boulevard on the west side of the parcels. The driveways connect to a 30-foot wide drive aisle that wraps around the building providing access to the loading area on the east side of Building B. A 30-foot easement access gate is proposed on the east side of the parcel allowing access between Parcels 1, 2 and 3 and 2421 Enterprise Boulevard to the east.

Building C

Building C would be accessed via two driveways off of Sunset Boulevard on the west side of the parcel. The driveways connect to a 30-foot wide drive aisle that wraps around the building providing access to the loading area on the east side of Building C.

Building D

Building D would be accessed via a single 30-foot driveway off of Sunset Boulevard on the west side of the parcel. The driveway connects to a 50-foot wide drive/loading aisle that wraps around the building providing access to the loading area on the east side of Building D. An emergency access driveway is also proposed to the south off of West Cole Boulevard.

Transportation and Distribution Facility

A 1,056-sq. ft. Transportation Office is identified on the western portion of the 10,000 sq. ft. parcel. The Transportation Office would be accessed via the main access (a 30-foot-wide driveway) located on the north side of 2421 Enterprise Boulevard.

Circulation

All four Cultivation and Manufacturing Facilities expect to transfer product to a local permitted cannabis transporter. The product will be transported via Interstate 8. The product will depart in the early morning (between 4 a.m. and 6 a.m. contingent on City regulations). Once product is delivered, the transporter will return to Imperial County. A distribution facility is also anticipated in Costa Mesa. All four cultivation and manufacturing facilities expect to have 20 to 30 key dispensary clients but will target as many as 140. The Applicant intends to make approximately two deliveries per week.

Operations

The full product lifecycle consists of a series of seven steps which are necessary in order to cultivate and manufacture the cannabis crop/product before it is considered to be ready for market. Step: 1 in the cultivation process is considered to be the source of core genetics for propagation also known as "Mother Plants." The Mother Plants are the base in the genetics pool of the crop/product. Step 2 of the process is known as Clone Propagation. During this step, clone propagation racks are propagated for a two-week clone rooting cycle. Once clone propagation is complete, the crop begins the two-week process of the vegetative stage of growth. Once the vegetative stage is complete Step 4 begins and is known as the flowering stage. The Flowering Growth Stage Area would occupy the majority of floorspace. Once the flowering stage is complete, Step 5, the curing stage begins. Step 5 takes up to approximately 7 days. After the curing process, Step 6 takes places as the crop is trimmed, manicured, packaged and staged. Step 6 will occur weekly through rotations and weekly harvest cycles.

Outdoor lighting will be tailored to meet all security needs and regulations for each facility. A photometric site plan (JEEE 2017) has been prepared showing how light will be disbursed throughout the Project parcels. Light will be contained within the boundaries of the parcels with minimal off-site light spillage.

An existing transformer and electrical switchgear are located on the east side of the Building A at 2421 Enterprise Boulevard. A new switchgear and a new transformer are proposed on the west side of the Building A. Likewise, Buildings B, C and D would each require a new transformer and a new switchgear. This infrastructure would be located in the equipment yard adjacent to each building.

A diesel generator is proposed to be sited in the equipment yard of each cultivation and manufacturing facility. The generator would serve as a source of back-up electricity in the event of a power outage.

In aggregate, the four cultivation facilities anticipate using 5,610 gross gallons of water per day (GPD) accessed from two tanks per facility capable of storing a total of 10,000 gallons of fresh water. However, approximately 70% of the water would be captured and recycled resulting in net use of approximately 1,071 GPD, strictly for cultivation purposes. Of the 5,610 gross GPD used for cultivation approximately 1,326 GPD will be used strictly

for employee purposes (e.g., sinks) resulting in an equivalent amount of wastewater. Non-employee related wastewater derived from cultivation is anticipated to be approximately 1,612 GPD. The water and waste water systems for cultivation and non-cultivation activities are separate with only the employee wastewater returning for wastewater treatment. The proposed Transportation Office is estimated to use approximately 30 to 45 GPD. At full buildout, the Project would use approximately 5,655 gross gallons of water per day (5,610 gallons + 45 gallons). The City of Calexico will provide water to serve the Project.

Each of the four cultivation and manufacturing facilities proposes to employ 18 employees while the transportation and distribution facility proposes to employ 3 employees. At buildout, the Trinity Cannabis Cultivation and Manufacturing Facility would employ approximately 75 full-time employees. Each facility would operate during hours deemed appropriate by the City of Calexico with employees generally arriving before 6 a.m. and leaving before 6 p.m. No shifts are proposed.

In addition, the applicant has prepared a Community Relations Plan and a Neighborhood Responsibility Plan, a Security Plan and Control Plan, an Emergency Response Plan, and an Odor Control Plan to address concerns in the surrounding area. The noted plans are described as follows:

Community Relations Plan and Neighborhood Responsibility Plan

The Community Relations Plan and Neighborhood Responsibility Plan has been prepared to foster relationships with the Calexico Community and provide funding for initiatives that will benefit the citizens. Funds generated by each facility will be used for programs that provide education and benefit the youth of Calexico. The Plan includes an "On-Going Community Relations Concern Log" to document and address any concerns that may arise after the Plan is implemented. All concerns received will be shared with the City Manager. The Plan Manager will request a meeting with the City Manager within 48 hours of the complaint. The City Manager can then decide if any other City officials need to be involved. Within 24 hours of the meeting, the Plan Manager will formally respond to the person making the complaint and document the situation. The On-Going Community Relations Concern Log will also be shared with the City Manager when requested.

Security Plan and Control Plan

The Security and Control Plan addresses anticipated threats from every conceivable arena. This includes, but is not limited to, physical, cyber, and procedural security for all facilities and operations. The Plan is designed to give managers and employees the responsibility of ensuring, and working within, a secure environment. The Plan discusses security technology that will be used at each cultivation and manufacturing facility as well as the transportation and distribution office. This includes facility cameras, cultivation cameras, perimeter fencing and walls, lighting, intercom, building access

control and contactless smart card readers. Cannabis tracking will also be employed using “Agrisoft” Seed to Sale software. The software provides tools marijuana-related businesses need for cannabis tracking and cannabis compliance.

Emergency Response Plan

The purpose of the Emergency Response Plan is to provide clear directives in the event of an emergency. The Plan provides instructions on what to do in the event of a natural disaster or man-made accident including evacuation, shelter-in-place, and lock down. Contacts of public emergency services and contractors are also included.

Odor Control Plan

The purpose of the Odor Control Plan is to ensure that the facility complies with State regulations and that emissions remain within permitted thresholds. Each cultivation and manufacturing facility would have internal odor mitigating activated carbon filters to dilute and absorb smell and odors as well as a “SKYPLUME” exhaust system that disburse odors using high speed evacuation fans forcing residual odor high into the air above each cultivation and manufacturing facility.

Analysis:

Staff supports the project and recommends approval of the submitted Development Agreement and requested Lot Line Adjustment and Parcel Carve-out, as well as a Cultivation and a Manufacturing License, Commercial Cannabis Activity Regulatory Permit Application, and Environmental Impact Report for the following reasons.

Trinity Cultivation and Manufacturing Facility

City Planning and Engineering staffs have reviewed the Trinity Cultivation and Manufacturing Facility documents and have no major concerns if required conditions of approval and mitigation measures are implemented. Development of a cannabis cultivation and manufacturing facility and transportation and distribution facility is consistent with the allowed uses within the COZ with a Development Agreement (DA). Note: Prior to initiating operations and as a continuing requisite to operating a commercial cannabis activity, the Applicant shall enter into a fully executed development agreement agreed to by the city council. The DA will appropriate fiscal mitigation measures and terms as approved by the city council.

The Applicant for Trinity 341 has meet with IID and secured a Will Serve letter (Barraza 2017) indicating the Utility has power available to serve Phase 1, Building A at 2421 Enterprise Boulevard. However, sufficient capacity is currently not available from IID to fulfill the electrical demands of Phase 2. To meet the demand, IID will be required to construct a new substation.

As part of fulfilling the City's requirements for each Application, the following plans have been prepared and submitted by the Applicant (Trinity Property Company, LLC) for each of the cannabis cultivation and manufacturing facilities and the transportation and distribution facility. In addition, the applicant has prepared a Community Relations Plan and a Neighborhood Responsibility Plan, a Security Plan and Control Plan, an Emergency Response Plan, and an Odor Control Plan to address concerns in the surrounding area.

Staff believes that the proposed land uses, and development patterns are appropriate for the area and are in conformity with the City's General Plan.

Conclusion

Based on the information in this staff report, Staff recommends that the City Council hold a public hearing and adopt the attached Resolution and Ordinance.

1. Adopt Resolution No. 2018-__ for the certification of the Trinity Cultivation and Manufacturing Facility Environmental Impact Report No. 2018-XX.
2. Adopt the attached Ordinance approving the Development Agreement (DA) to allow for the Trinity Cannabis Cultivation and Manufacturing Facility.

Fiscal Impact:

None.

Attachments:

1. Environmental Impact Report.
2. Development Agreement.
3. City Council Resolution Approving the Certification of the Final Environmental Impact Report (SCH#2017121037), and Adoption of Findings of Fact and a Statement of Overriding Considerations, and Adoption of a Mitigation Monitoring and Reporting Plan for the Trinity Property Company, LLC., for the Establishment of a Cannabis Cultivation and Manufacturing Facility Project.
4. Ordinance Approving a Development Agreement between the City of Calexico and Trinity Property Company, LLC for the Establishment of a Cannabis Cultivation and Manufacturing Facility Project for Real Property within the City of Calexico.
5. Planning Commission Staff Report dated August 6, 2018