

### City of San Leandro

Meeting Date: July 17, 2017

#### **Ordinance**

File Number: 17-220 Agenda Section: CONSENT CALENDAR

Agenda Number: 8.Q.

TO: City Council

FROM: Chris Zapata

City Manager

BY: Cynthia Battenberg

Community Development Director

FINANCE REVIEW: Not Applicable

TITLE: ORDINANCE Amending Zoning Code Article 3, Definitions; Article 6,

Commercial and Professional Districts; Article 7, Industrial Districts; and Article 16, Nonresidential Uses, to Enable Cannabis Product Manufacturing

and Laboratories.

**WHEREAS**, California's Medical Cannabis Regulation and Safety Act established a comprehensive state licensing system for the commercial cultivation, manufacture, retail sale, testing, and distribution of cannabis and cannabis products; and

**WHEREAS**, the State of California enables local governments to adopt new ordinances to regulate local cannabis-related businesses in preparation for State licensing; and

**WHEREAS**, the manufacturing of cannabis products has only recently been legalized in the State of California and it is in the interest of the City of San Leandro to ensure that this new land use is responsibly established and compatible with other uses in the City; and

WHEREAS, in 2016, the City of San Leandro adopted a new General Plan, which states that "[t]he San Leandro General Plan aspires to reshape the industrial areas of West and Central San Leandro to meet the demands of the new economy." Furthermore, the General Plan states that "[t]he guiding objectives in the City's large business districts are to promote business retention and diversification"; and to "locate the most intensive industrial uses in the areas that are furthest away from residential neighborhoods"; and

**WHEREAS,** the General Plan establishes policies to "[e]nsure that industrial zoning regulations are flexible enough to achieve the vision of San Leandro's industrial area as an 'innovation ecosystem', where new methods of production, operations, and design are supported"; and

WHEREAS, the General Plan directs the City to "[r]egularly review the Zoning Code to

respond to real estate market and development trends, as well as changes in technology," and directs that "[t]he City shall routinely review the lists of permitted and conditionally permitted uses in industrial areas to ensure that desired and potentially compatible uses are not excluded"; and

**WHEREAS**, the proposed Amendments are in accord with the policies of the General Plan in that the Amendments will "encourage business development that improves the City's ability to provide the public with high-quality services and which minimizes increases in the tax burden for existing businesses and residents"; and

**WHEREAS**, in December 2013, the City Council of the City of San Leandro adopted Ordinance 2013-020, which allowed for the establishment of a Medical Marijuana Dispensary, subject to selection and performance standards, which became effective on January 13, 2014; and

**WHEREAS**, in April 2014, the City Council of the City of San Leandro adopted Ordinance 2014-003, implementing performance standards for medical cannabis dispensaries, by amending the Zoning Code to enable the use of medical cannabis dispensaries; and

**WHEREAS**, the City of San Leandro's Planning Services Division is tasked with periodic updates to the Zoning Code for conformance with General Plan policy and State law; and

**WHEREAS**, the proposed Amendments to the Zoning Code will update and modernize existing regulations pertaining to medical cannabis dispensaries and enable new regulations for those industries that support them in accord with General Plan policy; and

**WHEREAS**, the proposed Amendments are intended to make the provisions of the Zoning Code consistent with those found in the Municipal Code; and

**WHEREAS**, the proposed Amendments to the Zoning Code will replace the term "marijuana" with "cannabis" for consistency between the Municipal Code, the Zoning Code, and state law; and

**WHEREAS**, the terms "marijuana" and "cannabis" are used interchangeably herein for purposes of description; and

**WHEREAS**, the General Plan and the Zoning Code are incorporated herein by reference, and are available for review at City Hall during normal business hours; and

**WHEREAS**, the Planning Commission reviewed the proposed Zoning Code Amendments at a duly noticed public hearing on November 17, 2016 and unanimously recommended City Council approval of the proposed ordinance by approving Resolution 2016-007 by a 7-0 vote; and

WHEREAS, the City Council of the City of San Leandro previously considered this

Ordinance at a publically noticed hearing held in December 2016 and directed staff to continue the item and return following further policy discussion; and

WHEREAS, the City Council reviewed the staff report and exhibits and finds that the proposed Amendments to the Zoning Code are exempt from environmental review under Section 15061(b)(3) of the California Environmental Quality Act Guidelines, as they constitute minor amendments to the Zoning Code necessary for consistency with the Municipal Code and state law, and that any potential project enabled under the Amendments will be further subject to review under CEQA; and

**WHEREAS**, the Amendments to the Zoning Code text are set forth in attached **Exhibits A through D**, incorporated herein by reference.

**NOW THEREFORE**, The City Council of the City of San Leandro does **ORDAIN** as follows:

**SECTION 1**. **RECITALS.** The above recitals are true and correct and made a part of this ordinance.

**SECTION 2. CEQA.** The proposed Amendments to the Zoning Code are exempt from environmental review under Section 15061(b)(3) of the California Environmental Quality Act Guidelines, as they constitute minor amendments to the Zoning Code necessary for consistency with the Municipal Code and State law, and that any potential project enabled under the amendments will be further subject to review under CEQA. The general exemption applies in this instance because it can be seen with certainty that there is no possibility that the proposed Amendments could have a significant effect on the environment and thus are not subject to CEQA.

**SECTION 3. FINDINGS.** Based on the entirety of the record, the City Council hereby finds that the proposed zoning text Amendments shown in Exhibits A-D are consistent with the recently adopted 2035 General Plan. The City Council further finds that consideration of the proposed zoning Amendments complied with the notice and hearing provisions of the Zoning Code.

**SECTION 4.** APPROVAL. The City Council hereby approves the Zoning Code text Amendments as shown in attached Exhibits A-D, described as follows:

Exhibit A: Amended Article 3 Definitions (excerpts only)

Exhibit B: Amended Article 6 Commercial and Professional Districts (excerpts only)

Exhibit C: Amended Article 7 Industrial Districts (excerpts only)

Exhibit D: Amended Article 16, Division 2, Section 4-1640 Cannabis Product Manufacturing

SECTION 5. SEVERABILITY. If any section, subsection, subdivision, paragraph, sentence, clause or phrase of this Ordinance, or its application to any person or circumstance, is for any reason held to be invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining sections, subsections, subdivisions, paragraphs, sentences, clauses or phrases of this Ordinance, or its application to any other person or circumstance. The City Council of the City of San Leandro

File Number: 17-220

hereby declares that it would have adopted each section, subsection, subdivision, paragraph, sentence, clause or phrase hereof, irrespective of the fact that any one or more other sections, subsections, subdivisions, paragraphs, sentences, clauses or phrases hereof is declared invalid or unenforceable.

**SECTION 6. EFFECTIVE DATE AND PUBLICATION.** This ordinance shall take effect thirty (30) days after adoption. The City Clerk is directed to publish the title once and post a complete copy thereof on the City Council Chamber bulletin board for five (5) days prior to adoption.

## Ordinance \_\_\_\_\_, Exhibit A Amendments to Article 3, Section 1-304 Reserved Cannabis Oriented Businesses

Note: underlined text represents new text; strike through represents text to be eliminated

Industry, Cannabis Product Manufacturing. Cannabis manufacturing, processing, and packaging of products derived from or infused with cannabis, including edibles, concentrates and extracts for wholesale or retail to cannabis dispensaries or other cannabis product distributors and manufacturers as allowed by state law. This definition includes cannabis manufacturers requiring a Type 6 or 7 license from the State of California. This definition 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.

**Laboratories.** Establishments providing medical or dental laboratory services; or establishments with less than two thousand (2,000) square feet providing photographic, analytical, or testing services. Other laboratories are classified as limited "Industry, Research and Development" or "Laboratories, Cannabis Testing Facilities."

Laboratories, Cannabis Testing Facilities. Laboratories conducting safety, quality control, and analytical testing services of cannabis and products derived from cannabis as a service to cannabis dispensaries, medical facilities, government agencies, cannabis product manufacturers, or other entities as allowed by state law. This definition includes cannabis testing and laboratory facilities requiring a Type 8 license from the State of California. This definition does not include the cloning, planting or cultivation of cannabis plants or the direct sales, distribution, delivery, or dispensing of cannabis and cannabis products to the public.

## Ordinance \_\_\_\_\_, Exhibit B Amendments to Article 6 Commercial and Professional Districts

Note: <u>underlined and bolded</u> text represents new text; strike through represents text to be eliminated.

#### 2-606 CC District—Use Regulations

#### B. <u>CC District—Conditionally Permitted Uses.</u>

The following uses are allowed in the CC District, subject to the approval of a conditional use permit. (Certain uses are subject to special requirements and/or limitations, as prescribed following the individual use classification.)

- 1. Accessory Uses in conjunction with a conditionally permitted use.
- Animal Boarding.
- 3. Animal Hospitals.
- 4. Automobile Washing, Unattended.
- Bars.
- 6. Bed and Breakfast Inns. (Subject to the regulations of Section 4-1674: Bed and Breakfast Inns.)
- 7. Beer and Wine Stores. [Beer and wine stores shall not be located within one thousand (1,000) feet of a site occupied by a public or private school, park, library, or recreational facilities, and no exterior vending machines shall be permitted. Beer and wine stores may be operated only between the hours of 6:00 a.m. and 10:00 p.m. unless longer hours are allowed with the approval of a conditional use permit, with a finding that the extended hours would not have an adverse effect on neighboring uses. A pre-existing beer and wine store shall not be deemed a nonconforming use solely due to noncompliance with the one thousand (1,000) foot minimum distance requirement.]
- Billiard Parlors.
- 9. Bingo Parlors.
- Building Materials and Services.
- 11. Coin-Operated Laundry Businesses.
- 12. Commercial Parking Facility.
- 13. Commercial Recreation.
- 14. Convenience Stores. (Convenience markets shall not be located within one thousand (1,000) feet of a site occupied by a public or private school, park, library, or recreational facilities, and no exterior vending machines shall be permitted. Convenience markets may be operated only between the hours of 6:00 a.m. and 10:00 p.m. unless longer hours are allowed with the approval of a conditional use permit, with a finding that the extended hours would not have an adverse effect on neighboring uses. A pre-existing convenience store shall not be deemed a nonconforming use solely due to

- non-compliance with the one thousand (1,000) foot minimum distance requirement.)
- 15. Cultural Institutions.
- 16. Dance Clubs.
- 17 Department Stores.
- 18. Drive-Up Facilities.
- 19. Emergency Health Care.
- 20. Entertainment Events. (Entertainment events, when provided either as a primary use or as an accessory use to permitted and conditionally permitted uses, require use permit approval.)
- 21. Farmers' Market.
- 22. Fast Food Establishments, Large Scale.
- 23. Financial Institutions, Personal Loan Services. (Financial institutions, personal loan services uses shall not be located within one thousand five hundred (1,500) feet from other financial institutions, personal loan services uses. Financial institutions, personal loan services uses may be operated only between the hours of 6:00 a.m. and 10:00 p.m. unless longer hours are allowed with the approval of a conditional use permit, with a finding that the extended hours would not have an adverse effect on neighboring uses.)
- 24. Fortune-Telling Establishments.
- 25. Game Centers.
- 26. Government Offices.
- 27. Gun or Weapon Shop.
- 28. Hospitals.
- 29. Hotels, Motels, and Time-Share Facilities.
- 30. <u>Laboratories, Cannabis Testing Facilities.</u>
- 31. 30. Liquor Stores. (Liquor stores shall not be located within one thousand (1,000) feet of a site occupied by a public or private school, park, library, or recreational facilities, and no exterior vending machines shall be permitted. Liquor stores may be operated only between the hours of 6:00 a.m. and 10:00 p.m. unless longer hours are allowed with the approval of a conditional use permit, with a finding that the extended hours would not have an adverse effect on neighboring uses. A pre-existing liquor store shall not be deemed a nonconforming use solely due to non-compliance with the one thousand (1,000) foot minimum distance requirement.)
- 32. 31. Massage Therapy.
- Medical Cannabis Dispensary. (A medical cannabis dispensary shall not be located within one thousand (1,000) feet of a public or private school, public library, youth center [serving youth ages eighteen (18) and under], parks and recreation facilities, or facilities for religious worship and incidental religious education; and shall not be located within five hundred (500) feet from a residential zone. A dispensary may be open during hours as specified in the San Leandro Municipal Code and are further subject to performance standards in the San Leandro Municipal Code.)
- **34.** 33. Mixed-Use Residential.
- 35. 34. Multi-Family Residential.

- 36. 35. Park and Recreation Facilities.
- 37. 36. Pawn Shop.
- 38. 37. Public Safety Facilities.
- 39. 38. Retail Sales, Big Box.
- 40. 39. Secondhand Sales.
- **41.** 40. Service Stations.
- 42. 41. Supermarkets.
- 43. 42. Telecommunications, New Monopoles and Towers. (Subject to the regulations of Section 4-1686: Wireless Telecommunications Facilities.)
- 44. 43. Theaters.
- 45. 44. Tobacconist/Cigarette Stores. [Tobacconist/cigarette stores shall not be located within one thousand five hundred (1,500) feet of a site occupied by a public or private school, park, library, or recreational facilities, or of other tobacconist/cigarette stores, and no exterior vending machines shall be permitted. Tobacconist/cigarette stores may be operated only between the hours of 6:00 a.m. and 10:00 p.m. unless longer hours are allowed with the approval of a conditional use permit, with a finding that the extended hours would not have an adverse effect on neighboring uses.]
- 46. 45. Two-Family Residential.
- 47. 46. Utilities, Major.
- 48. 47. Vehicle/Equipment Repair, Limited.
- 49. 48. Vehicle/Equipment Repair, General.
- 50. 49. Vehicle/Heavy Equipment Dealers, New.
- 51. 50. Vehicle/Heavy Equipment Dealers, Used.
- 52. 51. Vehicle/Heavy Equipment Rentals.

# Ordinance \_\_\_\_\_, Exhibit C Amendments to Article 7 Industrial Districts

Note: underlined and bolded text represents new text; strike through represents text to be eliminated

#### 2-706 IG District—Use Regulations

#### B. IG District—Conditionally Permitted Uses.

The following uses are allowed in the IG District, subject to the approval of a conditional use permit. (Certain uses are subject to special requirements and/or limitations, as prescribed following the individual use classification.)

- 1. Accessory uses when in conjunction with a conditional use.
- 2. Animal Boarding (with outside use).
- 3. Bars.
- 4. Corporation Yards.
- 5. Cultural Institutions.
- 6. Dance Clubs.
- 7. Drive-Up Facilities.
- 8. Drugstores.
- 9. Farmers' Market.
- 10. Fast Food Establishments, Large Scale.
- 11. Furniture, Electronics and Appliance Sales.
- 12. Game Centers.
- 13. Industrial Transfer/Storage/Treatment Facilities for Hazardous Waste.
- 14. Industry, Cannabis Product Manufacturing.
- 15. 14. Industry, Hazardous Materials or Hazardous Waste. (Provided that the use is consistent with the Alameda County Hazardous Waste Management Plan and the San Leandro General Plan.)
- 16. Laboratories, Cannabis Testing Facilities.
- 17. 15. Massage Therapy.
- 18. 46. Medical Cannabis Dispensary. (A medical cannabis dispensary shall not be located within one thousand (1,000) feet of a public or private school, public library, youth center [serving youth ages eighteen (18) and under], parks and recreation facilities, or facilities for religious worship and incidental religious education; and shall not be located within five hundred (500) feet from a residential zone. A dispensary may be open during hours as specified in the San Leandro Municipal Code and are further subject to performance standards in the San Leandro Municipal Code.)
- 19. 17. Public Safety Facilities.
- 20. 18. Public Storage.
- 21. 19. Recycling Facilities, Heavy Processing. (Subject to the regulations of Section 4-1646: Recycling Facilities.)

- 22. 20. Residuals Repositories for Hazardous Waste.
- 23. 21. Service Stations.
- 24. Small-Scale Transfer and Storage Facilities for Hazardous Waste. (Subject to the regulations of Section 4-1646: Recycling Facilities.)
- 25. Supermarkets.
- 26. 24. Transfer Stations.
- 27. 25. Trucking Terminals.
- 28. 26. Utilities, Major.
- 29. 27. Vehicle/Equipment Repair, General.
- 30. 28. Vehicle/Equipment Repair, Limited.
- 31. 29. Vehicle/Heavy Equipment Dealers, Used.
- 32. 30. Vehicle/Heavy Equipment Rentals.
- 33. 31. Vehicle Storage.
- 34. Warehouse—Storage Facilities. (A conditional use permit is required if the proposed use will expand an existing building ten thousand (10,000) square feet or more to accommodate this use or if a new building of any size is proposed to accommodate this use.)
- 35. Warehouse—Wholesale/Retail Distribution Facilities. (A conditional use permit is required if the proposed use will expand an existing building ten thousand (10,000) square feet or more to accommodate this use, or if a new building of any size is proposed to accommodate this use.)

...

#### 2-708 IP District—Use Regulations

#### B. <u>IP District—Conditionally Permitted Uses.</u>

The following uses are allowed in the IP District, subject to the approval of a conditional use permit. (Certain uses are subject to special requirements and/or limitations, as prescribed following the individual use classification.)

- 1. Accessory uses when in conjunction with a conditional use.
- 2. Animal Boarding (with outdoor use).
- Automobile Parts Sales.
- Bars.
- Cultural Institutions.
- 6. Dance Clubs.
- Drive-Up Facilities.
- 8. Emergency Health Care.
- 9. Farmers' Market.
- 10. Fast Food Establishments, Large Scale.
- 11. Food Processing, General.
- 12. Furniture, Electronics, and Appliance Sales.
- 13. Industry, Cannabis Product Manufacturing.

- 14. 13. Industry, General.
- 15. 14. Industry, Hazardous Materials, or Hazardous Waste. (Provided that the use is consistent with the Alameda County Hazardous Waste Management Plan and the San Leandro General Plan.)
- 16. Laboratories, Cannabis Testing Facilities.
- 17. Massage Therapy.
- 18. 46. Medical Cannabis Dispensary. (A medical cannabis dispensary shall not be located within one thousand (1,000) feet of a public or private school, public library, youth center [serving youth ages eighteen (18) and under], parks and recreation facilities, or facilities for religious worship and incidental religious education; and shall not be located within five hundred (500) feet from a residential zone. A dispensary may be open during hours as specified in the San Leandro Municipal Code and are further subject to performance standards in the San Leandro Municipal Code.)
- 19. 17. Public Safety Facilities.
- 20. 18. Service Stations.
- 21. 19. Utilities, Major.
- 22. 20. Vehicle/Heavy Equipment Dealers, Used.
- 23. 21. Warehouse—Storage Facilities. (A conditional use permit is required if the proposed use will expand an existing building ten thousand (10,000) square feet or more to accommodate this use or if a new building of any size is proposed to accommodate this use.)
- 24. 22. Warehouse—Wholesale/Retail Distribution Facilities. (A conditional use permit is required if the proposed use will expand an existing building ten thousand (10,000) square feet or more to accommodate this use, or if a new building of any size is proposed to accommodate this use.)

. . .

### 2-714 IG(AU) District—Use Regulations

#### B. <u>IG(AU) District—Conditionally Permitted Uses</u>.

The following uses are allowed in the IG(AU) District, subject to the approval of a conditional use permit. (Certain uses are subject to special requirements and/or limitations, as prescribed following the individual use classification.)

- 1. Accessory uses when in conjunction with a conditional use.
- 2. Animal Boarding (with outdoor use).
- 3. Assembly Uses.
- 4. Bars.
- Commercial Recreation.
- 6. Corporation Yards.
- Cultural Institutions.
- 8. Dance Clubs.
- 9. Drive-Up Facilities.

- 10. Drugstores.
- 11. Entertainment Events. (Entertainment events, when provided either as a primary use or as an accessory use to permitted and conditionally permitted uses, require use permit approval.)
- 12. Farmers' Market.
- 13. Fast Food Establishments, Large Scale.
- 14. Furniture, Electronics and Appliance Sales.
- 15. Game Centers.
- 16. Industrial Transfer/Storage/Treatment Facilities for Hazardous Waste.
- 17. Industry, Cannabis Product Manufacturing.
- 18. 17. Industry, Hazardous Materials or Hazardous Waste. (Provided that the use is consistent with the Alameda County Hazardous Waste Management Plan and the San Leandro General Plan.)
- 19. Laboratories, Cannabis Testing Facilities.
- 20. 18. Massage Therapy.
- 21. 19. Medical Cannabis Dispensary. (A medical cannabis dispensary shall not be located within one thousand (1,000) feet of a public or private school, public library, youth center [serving youth ages eighteen (18) and under], parks and recreation facilities, or facilities for religious worship and incidental religious education; and shall not be located within five hundred (500) feet from a residential zone. A dispensary may be open during hours as specified in the San Leandro Municipal Code and are further subject to performance standards in the San Leandro Municipal Code.)
- 22. 20. Public Safety Facilities.
- 23. 21. Public Storage.
- 24. 22. Recycling Facilities, Heavy Processing. (Subject to the regulations of Section 4-1646: Recycling Facilities.)
- 25. 23. Residuals Repositories for Hazardous Waste.
- 26. 24. Service Stations.
- 27. Small-Scale Transfer and Storage Facilities for Hazardous Waste. (Subject to the regulations of Section 4-1646: Recycling Facilities.)
- 28. Supermarkets.
- 29. 27. Transfer Stations.
- 30. 28. Trucking Terminals.
- 31. 29. Utilities, Major.
- 32. 30. Vehicle/Equipment Repair, General.
- 33. 31. Vehicle/Equipment Repair, Limited.
- 34. 32. Vehicle/Heavy Equipment Dealers, Used.
- 35. 33. Vehicle/Heavy Equipment Rentals.
- **36.** 34. Vehicle Storage.
- 37. Warehouse—Storage Facilities. (A conditional use permit is required if the proposed use will expand an existing building ten thousand (10,000) square feet or more to accommodate this use, or if a new building of any size is proposed to accommodate this use.)
- 38. 36. Warehouse—Wholesale/Retail Distribution Facilities. (A conditional use permit is required if the proposed use will expand an existing building ten

thousand (10,000) square feet or more to accommodate this use, or if a new building of any size is proposed to accommodate this use.)

# Ordinance \_\_\_\_\_, Exhibit D Amendment to Article 16, Division 2, Section 4-1640 Cannabis Product Manufacturing

4-1640 Cannabis Product Manufacturing

The following supplemental regulations shall apply to the permitting and operation of any land use involving the manufacturing of cannabis products.

- A. <u>Conditional Use Permit Required</u>. A conditional use permit shall be required for cannabis product manufacturing.
- B. <u>State Licensure Required for Operation</u>. Cannabis product manufacturers and all third-party distributors responsible for the delivery of cannabis and finished cannabis products to and from cannabis product manufacturing facilities shall hold a valid State license.
- C. <u>Public Sale Limited to Dispensaries</u>. The direct sales, distribution, delivery, and dispensing of manufactured cannabis products to the public shall be limited to licensed cannabis dispensaries.
- D. <u>Total Number of Valid Permits Allowed</u>. The number of conditional use permits available for cannabis product manufacturing shall be limited to five (5) issued use permits at a given time. A prior use permit that has lapsed, discontinued or revoked shall become available.
- E. <u>Findings for Approval</u>. In addition to the Required Findings for all Use Permits, the following additional findings shall be made:
  - 1. The cannabis product manufacturing facility is situated in an appropriate location where schools, residences, childcare centers, parks, or other sensitive land uses will not be adversely impacted.
  - 2. Appropriate measures have been taken to address nuisances related to odor, noise, exhaust, and waste.
  - 3. The cannabis product manufacturing facility is suitably designed to be secure and aesthetically compatible with the surrounding area.
  - 4. The cannabis product manufacturing facility will not place a burden on the provision of public services disproportionate to other industrial uses.

Exhibit D, Page 1 of 1