



SUBJECT

Proposed Cannabis Cultivation, Manufacturing, and Distribution Facility Located at 2459 Radley Court (Assessor Parcel No. 439-0058-061-00) Requiring Approval of Conditional Use Permit and Administrative Use Permit Application No. 202101300. Alberto Giannecchini, Mijosa LLC dba G3 Consumables, Inc. (Applicant); Giannecchini Holdings, LLC (Owner).

RECOMMENDATION

That the Planning Commission approve the Conditional Use Permit for the proposed cultivation and manufacturing uses and an Administrative Use Permit for the proposed distribution use, based on the analysis set forth in this report and the required Findings (Attachment II), and subject to the Conditions of Approval (Attachment III).

SUMMARY

The applicant, Mijosa, is seeking approval of a Conditional Use Permit (CUP) and Administrative Use Permit (AUP) to occupy an existing approximately 29,000-square-foot industrial building located at 2459 Radley Court for the operation of a cannabis cultivation, manufacturing, and distribution facility. The cultivation and manufacturing components of the facility require approval of a CUP, while the distribution component requires approval of an AUP. The proposed project includes internal building upgrades and modifications to enhance security and allow for the safe operation of cannabis activities.

BACKGROUND

On October 30, 2017¹ and November 28, 2017², respectively, the Council enacted regulatory and land use ordinances authorizing cannabis businesses within the City of Hayward, subject to compliance with local and State regulations. At their October meeting, the Council also established a request for proposal (RFP) process by which the City would select commercial cannabis businesses. The process involved four stages to help differentiate applicants who meet the City's desired set of qualifications. These stages include:

1. Criminal Background Investigation
2. Competitive Scoring and Ranking
3. Proposal Interviews
4. City Council Approval

¹ October 30, 2017 City Council Minutes
<https://hayward.legistar.com/MeetingDetail.aspx?ID=570110&GUID=1F62F795-56FA-4667-9BD1-E5FDA22CB8C5&Options=info&Search=>

² November 28, 2017 City Council Minutes
<https://hayward.legistar.com/MeetingDetail.aspx?ID=573134&GUID=C82D348A-0412-4741-854C-23697F2AE444&Options=info&Search=>

The RFP process commenced on December 8, 2017. At that time, the City received 77 total applications for commercial cannabis companies. Four of these applications did not meet the background check requirements of the City's cannabis program; however, 73 applications were then sent to a neutral, third-party reviewer hired by the City to evaluate and score the proposals. Following an independent review by the outside consultants and interviews by City staff, the City Manager recommended to the Council the award of 23 commercial cannabis permits to commercial operators for land use activities that include cultivation, manufacturing, distribution, testing labs, delivery, and retail. Once selected, applicants had six months to file their land use applications.

The applicant, Mijosa, now doing business as G3 Consumables, was awarded a commercial cannabis permit for cultivation and manufacturing during the first round in 2018 and a second permit for distribution during the second round in 2019. Since the applicant was awarded their commercial cannabis permits, the City has updated its cannabis regulations, fees, and permitting process.³ As the proposed project was not entitled before these updated regulations went into effect in August 2021, the project is subject to the updated regulations.

Originally, the Mijosa facility was proposed to be located in an existing industrial building at 2376 Davis Avenue. However, in 2020, the applicant elected to move the location of the facility to a smaller space at 2459 Radley Court. The proposed plans (Attachment IV) and analysis in the Findings (Attachment II) and this staff report reflect the updated Radley Court location.

Public Outreach. On December 21, 2018, an initial Notice of Application Receipt for the project application was sent to 38 addresses including property owners, tenants, and businesses within a 300-foot radius of the project's original proposed site at 2376 Davis Avenue. When the facility was proposed to be relocated to 2459 Radley Court, a second Notice of Application Receipt was sent out on May 10, 2021, to the 107 property owners, tenants, and businesses within a 300-foot radius of the new address.

On January 14, 2022, a Notice of this Public Hearing for the Planning Commission meeting was sent to property owners, residents, and businesses within 300-feet of the Radley Court project site as well as published in *The Daily Review* newspaper.

As of the date this staff report was written, Planning Division staff has not been contacted by any members of the public regarding the proposed facility at the Radley Court location.

PROJECT DESCRIPTION

Existing Conditions. The proposed project is located on a 1.08-acre parcel located at 2459 Radley Court. The site is zoned Industrial Park (IP) and has a land use designation of Industrial Technology and Innovation Corridor (IC) in the *Hayward 2040 General Plan*. The site currently contains an approximately 29,000 square foot industrial building, which was originally constructed in the 1980s, and a small surface parking lot. Surrounding land uses include a range of industrial uses, including warehousing, manufacturing, distribution, storage, and home improvement retail.

³ City Council Public Hearing 21-057, July 6, 2021:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=5018121&GUID=45EA002F-4F31-4CB7-8C4B-DEB0FAB39E94>

Proposed Project. As proposed, an existing building on site would be wholly occupied by a cannabis facility with cultivation, manufacturing, and distribution activities. The project plans and Business Plan and Operations Summary [Attachments IV and V] provide detail on the proposed operation, logistics and floor plans. As shown in the floor plan, the facility would house a series of vegetation, grow, trimming, and drying rooms; a research and development area; a secured shipping and receiving area; secure storage spaces; and a variety of offices and breakrooms.

As detailed in the Business Plan and Operations Summary, the cultivation process involves several steps, including vegging from seed, cloning, potting, flowering, and harvesting. The manufacturing process consists of processing the flowers harvested from the cultivation process, including drying, trimming, packaging, and storing. No extraction will occur on site. The distribution component of the business will distribute the packaged cannabis flower material for bulk sale as dried cannabis by weight and cannabis pre-rolls to other licensed operators. No sales will be made directly to consumers.

The cultivation and manufacturing/processing components will be operational 24 hours a day and seven days a week, though operations involving human input will occur largely during regular business hours between 8:00 a.m. and 5:00 p.m. daily. As conditioned, the distribution facility will operate between 8:00 a.m. and 5:00 p.m. Monday through Friday, with distributions and pickups estimated to occur two to three times per week.

Security Plan. The applicant has provided a detailed Security Plan [Attachment VI] to ensure public and product safety. According to the Plan and as conditioned, a minimum of one security guard will be on site at all times during hours of operation. Other proposed security measures include the installation of a state-of-the-art surveillance and alarm system that electronically monitors and records all interior and exterior areas twenty-four hours a day, seven days per week. Commercial grade lighting will illuminate the exterior of the facility to allow for an unobstructed view of the facility by security personnel and video surveillance. The City of Hayward will have access to recorded surveillance at all times.

The front entrance of the facility will feature upgraded windows to prevent forced entry. The main entrance to the facility will be controlled via a small check-in room, which will allow for the screening of visitors prior to entry into the main facility. All cannabis and cannabis products will be stored in secure storage areas within locked rooms. Distribution vehicles will be able to pull into the shipping and receiving area through a rollup door to allow for the secure loading and unloading of these vehicles out of view of the street.

The Security Plan provides further detail about the numerous additional security measures that will be taken with each component of the business. All proposed security measures have been reviewed and deemed appropriate by the Hayward Police Department.

Environmental Plan. The Environmental Plan [Attachment VII] includes information about the mitigation of nuisances, noises, and odors. As conditioned, the final Odor Control Plan will need to be prepared by a licensed professional and submitted as part of the building permit process. In addition, the Environmental Plan identifies several sustainability measures for the proposed facility. This includes the installation of a water capture, recycling, and filtration system; employment of an automated drip irrigation system; and the use of energy-efficient LED grow

lights. The Environmental Services Division has reviewed the Environmental Compliance Program and deems it appropriate.

POLICY CONTEXT AND CODE COMPLIANCE

Hayward 2040 General Plan. The project site is in an area designated as Industrial Technology and Innovation Corridor (IC) in the *Hayward 2040 General Plan*⁴. The Corridor is expected to grow as an economic and employment center and evolve to achieve a healthy balance of traditional manufacturing and warehousing and newer information- and technology-based uses. Allowable uses include professional offices, corporate campuses, research and development, warehousing and logistics, manufacturing, and biotechnology.

The proposed cannabis microbusiness would support the following *Hayward 2040 General Plan* goals and policies:

- Land Use Policy LU-2.16, Uses to Attract the Creative Class. The City shall encourage the development of uses and amenities to attract creative-class professionals and businesses to Hayward.
- Economic Development Policy ED-1.4. The City shall establish business attraction efforts that focus on small and medium-sized businesses within emerging and growing business sectors.
- Economic Development Goal ED-2. Cultivate a culture of entrepreneurship to encourage and support local business start-ups.

Further discussion of the consistency between the proposed use and policies are included in the Staff Analysis section below and in Attachment II, Findings.

Zoning Ordinance. The project site is located within the Industrial Park (IP) zoning district.⁵ The IP district conditionally permits the establishment of a cannabis facility with cultivation and manufacturing activities in a space over 5,000 square feet with approval of a Conditional Use Permit.⁶ Further, it conditionally permits cannabis distribution with the approval of an Administrative Use Permit.⁷ The proposed use would operate within the existing building on site.

The Planning Commission may conditionally approve a Conditional Use Permit and Administrative Use Permit for a cannabis use that includes cultivation, manufacturing and distribution in a space over 5,000 square feet when all of the required Findings pursuant to Sections 10-1.3125, 10-1.3225, and 10-1.3609 of the Hayward Municipal Code are met. The required Findings are as follows:

Conditional & Administrative Use Permit Required Findings

- The proposed use is desirable for the public convenience or welfare;

⁴ Hayward 2040 General Plan: <https://www.hayward2040generalplan.com/>

⁵ Section 10-1.1600 (Industrial Districts) of Hayward Municipal Code: https://library.municode.com/ca/hayward/codes/municipal_code?nodeId=HAYWARD_MUNICIPAL_CODE_CH10PLZOSU_ART1ZOOR_S10-1.1600INDI

⁶ Section 10-1.3200 (Conditional Use Permit) of Hayward Municipal Code: https://library.municode.com/ca/hayward/codes/municipal_code?nodeId=CD_ORD_CH10PLZOSU_ART1ZOOR_S10-1.3200COUSPE

⁷ Section 10-3100 (Administrative Use Permit) of the Hayward Municipal Code: https://library.municode.com/ca/hayward/codes/municipal_code?nodeId=HAYWARD_MUNICIPAL_CODE_CH10PLZOSU_ART1ZOOR_S10-1.3100ADUSPE

- The proposed use will not impair the character and integrity of the zoning district and surrounding area;
- The proposed use will not be detrimental to the public health, safety, or general welfare; and
- The proposed use is in harmony with applicable City policies and the intent and purpose of the zoning district involved.

Cannabis Required Findings

- The proposed cannabis use will not be detrimental to the public health, safety, or general welfare in that the cannabis operation is situated in an appropriate location where sensitive land uses will not be adversely impacted;
- Appropriate measures have been taken to address nuisances related to odor, noise, exhaust, and waste related to the cannabis operation;
- The cannabis operation is designed to be safe, secure, and aesthetically compatible with the surrounding area; and
- The cannabis operation will not place a burden on the provision of public services disproportionate to other industrial or commercial uses.

Further analysis related to the findings is included in the Staff Analysis section below and contained in Attachment II, Findings.

Commercial Cannabis Permits. An applicant is required to obtain approval of a Commercial Cannabis Permit by the City to ensure that all regulatory requirements are met.⁸ The applicant has satisfied this requirement.

The applicant must also obtain the necessary land use entitlements, which must be consistent with the Zoning Ordinance standards, which are the subject of this application. Following entitlement, the applicant will be required to obtain cannabis licenses from the State. Failure to obtain the proper State licenses would be grounds for revoking the City's permit.

Commercial cannabis permits issued by the Council are valid for one year and must be renewed annually following the completion of a mandatory safety inspection and demonstration of compliance with all local and State regulations, including any conditions of approval of this Conditional Use Permit and Administrative Use Permit.

STAFF ANALYSIS

Staff has reviewed the project application and believes that the Planning Commission can make the required Findings to conditionally approve the establishment of the proposed cannabis facility with cultivation, manufacturing, and distribution activities at the subject property. As mentioned previously, the proposed use is located within the City's industrial area, surrounded by a mix of industrial uses including warehousing, manufacturing, and distribution. With approval of a Conditional Use Permit and Administrative Use Permit, the proposed project is consistent with the Industrial Park Zoning District, as well as the goals and policies of the City's

⁸ Chapter 6, Article 14 (Commercial Cannabis Businesses) of the Hayward Municipal Code:
https://library.municode.com/ca/hayward/codes/municipal_code?nodeId=HAYWARD_MUNICIPAL_CODE_CH10PLZOSU_ART1ZOOR_S10-1.1600INDI

General Plan, which calls for a diverse mix of industrial uses, including those associated with new technologies and emerging industries.

As part of the initial RFP processes to obtain their Commercial Cannabis Permits from the Council, the applicant's business plan was reviewed and scored by an independent, outside consultant who determined this operator would meet several of the City's objectives related to best practices for the cannabis industry. Planning Division staff has further determined that any potential nuisances associated with the proposed use can be mitigated with the implementation of the proposed Business Plan and Operations Summary, Security Plan, and Environmental Plan, as well as the attached Conditions of Approval.

The Hayward Police Department, Code Enforcement Division, and Fire Department have reviewed the project proposal with Planning Division staff to ensure the proposed cannabis facility can be operated in a safe manner. As conditioned, the proposed use would provide a safe and secure environment for employees and mitigate potential impacts to adjacent properties. The conditions require the applicant to adhere to the approved plans, including the comprehensive list of security, odor, noise, and sustainability measures. Additionally, Commercial Cannabis Permits are renewed annually, providing the City an opportunity to revoke a permit if it is determined that the applicant does not adhere to the City's requirements and conditions of approval.

ENVIRONMENTAL REVIEW

The proposed project is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Section 15301, Class I for existing facilities in that the project involves the use of an existing industrial building. Therefore, no environmental review is necessary.


NEXT STEPS

If the Planning Commission approves the Conditional Use Permit and Administrative Use Permit, then a 10-day appeal period will commence from the date of decision. If no appeal is filed, then the decision will be deemed final. If an appeal is filed within the 10-day time frame, then the application will be heard by the Council for final disposition.

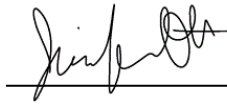
Prepared by: Elizabeth Blanton, AICP, Senior Planner

Recommended by: Jeremy Lochirco, Acting Planning Manager

Approved by:



Sara Buizer, AICP, Deputy Development Services Director



Jennifer Ott, Assistant City Manager and Development Services Director