



Agenda Report

MEETING DATE: Tuesday, December 7, 2021

TO: Planning Commission

FROM: COMMUNITY DEVELOPMENT DIRECTOR MERRIAM
ASSOCIATE PLANNER IVAN CARMONA

SUBJECT: SPECIAL USE PERMIT (APP. NO. 1949) TO ALLOW GROWCO. A
LAWFULLY ESTABLISHED CANNABIS CULTIVATION FACILITY TO
EXPAND ITS CULTIVATION OPERATIONS TO SUITES 1B AND 4
LOCATED AT 9 HANGAR WAY SUITE 2 (APN: 015-111-17)

RECOMMENDED ACTION:

Staff recommends approval of the Cannabis Special Use Permit (App. No. 1949) to allow GrowCo. LLC. to expand its cannabis cultivation facility into the adjacent suites located at 9 Hangar Way Suite 1B, 2 and 4, based on the attached Findings and subject to the attached Conditions of Approval.

BASIC PROJECT DATA

Application: 1949
Location: 9 Hangar Way Suite 1b, 2, and 4 (APN: 015-111-17)
Lot Size: 1.28± acres (55,756± square feet)

Project: Cannabis Special Use Permit (App. No. 14949) to allow GrowCo. LLC to expand its existing 3,270± square foot cannabis cultivation facility into adjacent 3,619± square foot tenant space and a separate 1,028 square foot tenant space within an existing 22,070± square foot industrial building. A Cannabis Special Use Permit is required because the existing facility does not meet current separation requirements for cannabis cultivation because it is 56+/- feet from the nearest residential zone.

General Plan: Industrial
Zoning: Industrial Park (IP)
Surrounding: Industrial

Existing Use: Cannabis distribution (2,821± SF), cannabis manufacturing (3,619± SF), cannabis cultivation (3,619± SF), and cannabis retail (3,012± SF) facility.

Proposed: Expansion of cannabis cultivation facility within the same industrial building

for GrowCo. LLC. No expansion of the existing cannabis retail, manufacturing, or distribution is proposed.

Surrounding: Light industrial uses, including cannabis distribution, manufacturing, and retail sales, and a residential mobile home park to the northeast.

Flood Zone: NA

CEQA Review: This project is eligible for a Class 1 Categorical Exemption, in accordance with the provisions of the California Environmental Quality Act (CEQA).

Applicant: Bryce Berryessa, on behalf of GrowCo. LLC. 603 Front Street, Santa Cruz, CA. 95060

Owner: Freedom Associates, LLC. 21 Brennan Street #16, Watsonville, CA 95076

BACKGROUND

Original Permit Approval

This parcel is lot 2 in the 28-lot Tract 685, "Freedom Industrial Park" subdivision map approved by the City Council on February 23, 1977, and recorded in Book 64 of Maps, page 39 et seq. on March 21, 1977 at the request of Freedom Associates, a general partnership.

According to the Santa Cruz County Assessor's records, the 22,070± square-foot industrial building located at 9 and 11 Hangar Way was built in 1991. The parcel has two driveways to Hangar Way and two street addresses (number 9 and number 11 Hangar Way) and is split into six tenantable spaces.

On January 12, 2016, the Watsonville City Council adopted the Medical Marijuana Regulation and Safety Ordinance, Watsonville Municipal Code (WMC) Chapter 6-5, allowing the cultivation of medical cannabis in the City of Watsonville. On June 28, 2016, Watsonville City Council amended WMC Chapter 6-5, to limit the number of medical cannabis cultivation facilities at no more than six facilities within the City of Watsonville.

On August 23, 2016, the Planning Commission of the City of Watsonville approved Special Use Permit (PP2016-59) to allow establishment of a medical cannabis cultivation facility for GrowCo. located at 9 Hangar Way Suite 2 (APN 015-111-17). The Planning Commission approval found that the proposed cannabis cultivation facility for GrowCo. met all City requirements, including separation requirements and a limited canopy area of 5,000 square feet. As of 2016, the separation requirements for proposed cannabis cultivation facilities were as follows:

- 300 feet of a residential zone, as drawn by the closest path of foot travel from the property line of residential property to the nearest entrance of the cannabis facility; or
- 600 feet of a school, park, or church, as drawn by the closes path of foot travel from the property line of the school, park, or church, to the nearest entrance of the cannabis facility.

On April 25, 2017, Watsonville City Council repealed WMC Chapter 5 of Title 6, (Medical Marijuana Regulations and Safety Ordinance) and subsequently adopted an amendment to Title 14, creating WMC Chapter 14-53, Medical Cannabis Facilities. Because medical cannabis regulation and permitting are undertaken by the Community Development Department, it was deemed appropriate to move cannabis regulations from Title 6, Sanitation and Health, to Title 14, Zoning.

On December 28, 2017, the Zoning Administrator approved an Administrative Use Permit (PP2017-321) to allow establishment of a medical cannabis manufacturing and distribution facility for La Vida Verde located at 9 Hangar Way Suite 1A and 1B.

On June 9, 2020, Watsonville City Council adopted amendments to WMC Chapters 14-16 (District regulations) and 14-53 (Cannabis Facilities) regarding the cultivation, manufacture, distribution, testing, delivery and retail sales of cannabis and cannabis products. Cultivation facilities were previously limited to 5,000 square feet of canopy area and the amended ordinance allowed expansion of permitted canopy areas up to 22,000 square feet. The amendments to WMC Chapters 14-53 also adopted new separation requirements which are as follows:

- Separation distance from K-12 schools shall be measured from property line to property line.
- Separation distance for cultivation facilities shall be measured from parcel line of sensitive use to nearest wall of the cultivation facility.
- Separation distance for all other cannabis facilities shall be measured by path of travel from nearest parcel line of sensitive use to the front door of the facility.

Currently 9 & 11 Hangar Way (APN: 015-111-17) has the following established cannabis facilities:

- Cannabis Manufacturing and Distribution – La Vida Verde Inc.
- Cannabis Retail – The Hook
- Cannabis Cultivation – GrowCo.

This Special Use Permit (App. No. 1949) application is for expansion of the cannabis cultivation for GrowCo. at 9 Hangar Way Suite 2 as the facility no longer meets current separation requirements.

Proposal

On July 27, 2021, the applicant, GrowCo. LLC, applied on behalf of the property owner, Freedom Associates, for a Special Use Permit (App. No. 1949) to allow expanding its permitted 3,270± square foot cannabis cultivation facility into an adjacent 3,619± square foot tenant space and a separate 1,028± square foot tenant space within an existing 22,070± square foot industrial building located at 9 Hangar Way Suite 1B, 2 and 4.

After initial review, it was determined that the proposal requires approval of a Cannabis Special Use Permit by the Planning Commission as the proposed expansion area does not meet the current separation requirements in Chapter 14-53 (Cannabis Facilities).

PROCESS

Non-Conforming Uses

Pursuant to WMC Section 14-20.050, a non-conforming use may only be increased in size or intensity or modified in location or character through the granting of a Special Use permit approved by the Planning Commission. The granting of a Special Use Permit for a non-conforming use requires findings pursuant to WMC Section 14-12.513 that demonstrate such expansion or modification would not adversely affect adjoining properties.

The property located at 9 Hangar Way is zoned Industrial Park (IP) with a General Land Use designation of Industrial. The purpose of the IP District is to provide a separate and exclusive district for light, non-nuisance industry, business, service, and research work; to promote industrial business, service, and research area which is not dependent on rail transport and not requiring outdoor storage. WMC § 14-16.500.

Environmental Review

The California Environmental Quality Act (CEQA) requires local and state governments to consider the potential environmental impacts of a project before making a decision on it. CEQA's purpose is to disclose any potential impacts of a project and suggest methods to minimize identified impacts. Certain classes of projects, however, have been identified that do not have a significant effect on the environment, and are considered categorically exempt from the requirement for the preparation of environmental documents. [State CEQA Guidelines § 15300](#).

STANDARD OF REVIEW & APPEAL PROCESS

The decision whether to approve this Special Use Permit (App. No. 1949) is adjudicative, sometimes referred to as quasi-judicial. The Planning Commission is called upon to determine whether this project complies with local ordinances.

Whether a particular decision is adjudicative or legislative affects the requirements for findings to support the decision. Legislative decisions involve the adoption of broad policies applicable to many situations (e.g., general plan amendments). Adjudicative (or “quasi-judicial”) decisions, on the other hand, apply already adopted policies or standards to individual cases, such as a variance or conditional use permit application.

Adjudicative/quasi-judicial decisions are based on evidence and must always be supported by findings.¹ Legislative decisions, however, need not be accompanied by findings unless a State law or City ordinance requires them.

The decision before the Planning Commission—a Special Use Permit—is an adjudicative/quasi-judicial decision and requires findings, either for denial, or as recommended, for approval that is supported by substantial evidence. *Toigo v Town of Ross* (1998) 70 Cal App 4th 309; see also *Petrovich v. City of Sacramento* (2020) 48 Cal App 5th 963

¹ Quasi-judicial decisions require the decision-making body to take evidence and use its judgment to make factual as well as legal determinations about whether a particular property or project meets the standards established by the land use ordinance.

If the Planning Commission's decision is appealed, the City Council would consider whether the action taken by the Zoning Administrator was erroneously taken and may sustain, modify or overrule the action. In order for an official action to be overturned by an appeal, the City Council must find that the action taken by the Planning Commission was taken erroneously and was inconsistent with the intent of the Zoning District regulations that regulate the proposed action. [WMC § 14-10.1106](#)

A lawsuit is required to challenge a Council's decision. A reviewing court will consider whether an adjudicative/quasi-judicial decision by the Council was supported by adequate findings. Courts scrutinize adjudicative/quasi-judicial decisions closely. An action may be overturned if the City (1) exceeded its authority, (2) failed to provide a fair hearing², or (3) made a decision not supported by substantial evidence (also called "a prejudicial abuse of discretion").

Another important difference between legislative and adjudicative/quasi-judicial decisions is the substantial evidence standard: in weighing evidence of what happened at the Council meeting, courts go beyond whether a decision was "reasonable" (the legislative standard). Court's reviewing adjudicative/quasi-judicial decisions look to make sure the decision is supported by substantial evidence. Denied applicants argue there is no substantial evidence to support the decision. Cities usually assert there is substantial evidence to support the decision and rely on (1) the written words in the staff findings, (2) the statements by those presenting at the hearing, and (3) the words of the Planning Commission or Council.

DISCUSSION

Existing Site

The 1.28± acre parcel is developed with a 22,070± square-foot industrial building with six tenant spaces. The parcel is owned by Freedom Associates and has two addresses: 11 Hangar Way and 9 Hangar Way (APN: 015-111-17)

9 Hangar Way is demised into five tenant spaces accessed from the driveway on the west side of the rectangular building. The building contains the following tenants:

- Suite 1A & 1B: La Vida Verde, Inc, a corporation, operates a cannabis manufacturing and distribution facility.
- Suite 2: Cannabis cultivation facility for Berryessa Holdings, LLC also does business as The GrowCo. LLC.
- Suite 3: An unrelated corporation, Schnaible Construction Company, Inc.
- Suite 4: Vacant
- Suite 5: Top Tech Machine Shop, machine fabrication shop

² *Petrovich*, supra



FIGURE 1 Aerial Photograph of Project Site and Surrounding Uses

Source: Santa Cruz County GIS, 2020

Proposed Project

GrowCo. LLC. proposes to expand its existing 5,000± square foot cannabis canopy area located in Suite 2 into the adjacent Suites 1B and 4 to create a 10,000 square foot canopy area (Attachment 3, Project Plans). Suite 1B is occupied by La Vida Verde and would consolidate its business operations for its cannabis manufacturing facility into Suite 1A. Suite 4 is currently vacant and would be converted into a nursery for GrowCo. (Figure 2). Approval comes to the Planning Commission because the distance to the Colonial Manor Mobile Home Park requires a Cannabis Use Permit from the Planning Commission.

FIGURE 2 Project Site Plan

Source: William Fisher Architecture, Inc. (Site Plan, Sheet A1.0)

Phased Project:

GrowCo proposes expanding the cannabis cultivation facility in two phases:

- Phase 1: GrowCo. would utilize Unit 4 for vegetative (non-flowering) cultivation on the first and second floor creating a nursery. Unit 4 tenant improvements would consist of adding outlets, new ceiling lighting for vegetative cannabis plants, and new a HVAC mini-split system. Phase one would also propose tenant improvements for the first floor in Suite 1B. Those improvements consists of adding outlets, new ceiling lighting for cannabis mature plants and a new HVAC mini-split system. Phase one implementation would allow GrowCo. to generate revenue for Phase two.

The project has been conditioned for completion within a two-year period after approval of this Special Use Permit (App. No. 1949).

Suite 4:

For Phase one, the first and second floor of Suite 4 would be converted into a 1,028± square foot cannabis cultivation facility consisting of the following (Figure 3):

- Immature Plant Room 1: 541± square feet
- Irrigation Room: 254± square feet
- Immature Plant Room 2 (second floor): 233± square feet

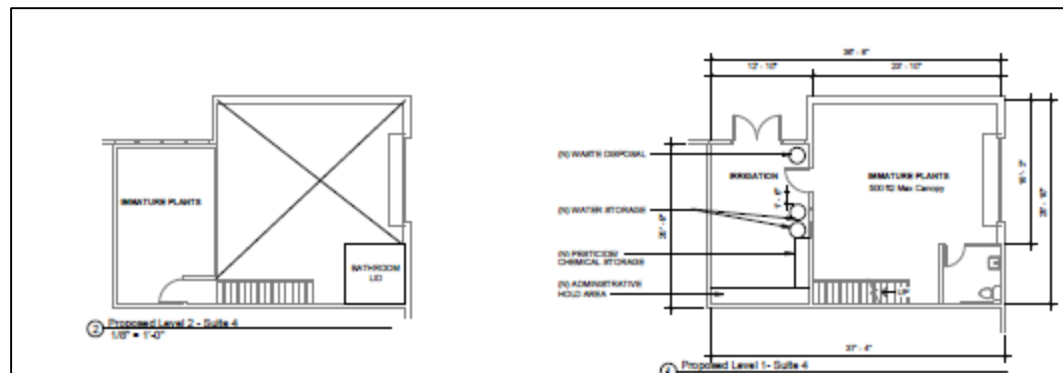


FIGURE 3 Suite 4 Floor Plan

Source: William Fisher Architecture, Inc. (Floor Plan, Sheet A2.1)

Suite 1B First Floor:

The first floor for Suite 1B would also be converted from cannabis manufacturing to cannabis cultivation. The total square footage for Suite 1B is 3,619± square feet. Tenant improvements would consist of new outlets, lighting and a HVAC mini-split system for the first floor. Phase one would utilize the existing floor plan layout in Suite 1B to accommodate the cannabis cultivation facility. Suite 1B first floor would include the following (Figure 4):

- Cultivation Room 1: 595± square feet
- Cultivation Room 2: 1,340± square feet

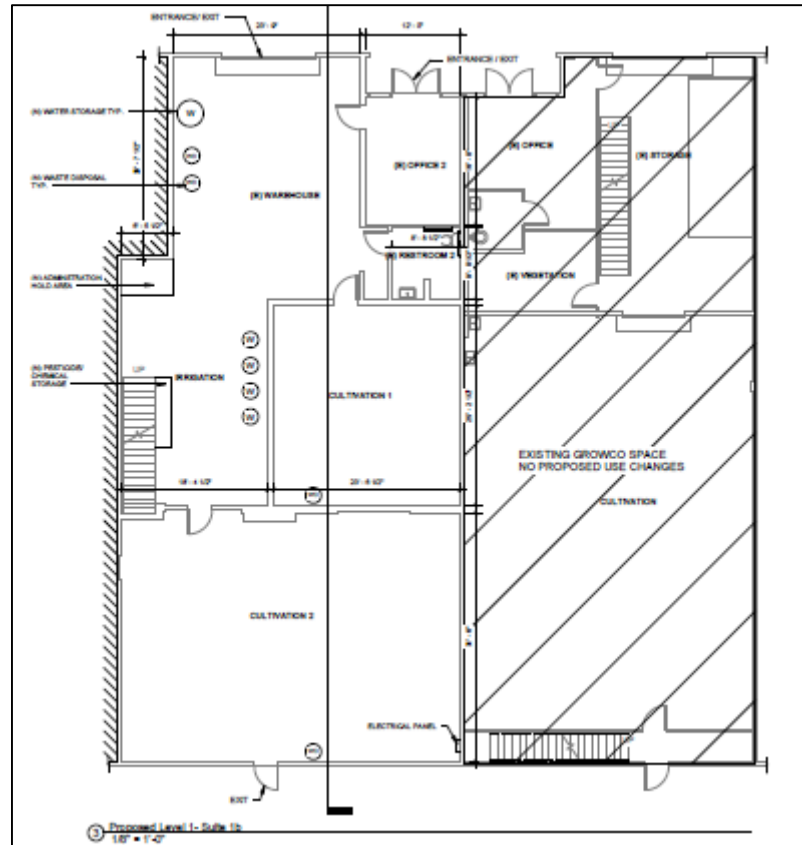


FIGURE 4 Suite 1b First Floor Plan

Source: William Fisher Architecture, Inc. (Floor Plan, Sheet A2.1)

- Phase 2: After completing Phase one, GrowCo. would then generate enough revenue within 6-12 months to complete its Phase two build out. Phase two build out would consist of removing non-bearing walls in the upstairs mezzanine at Suite 1B and create a new 600± square foot buildout within the upstairs mezzanine area.

Suite 1B Second Floor Mezzanine:

Phase two tenant improvements propose building out the second-floor mezzanine in Suite 1B to create the following (Figure 5):

- Storage Room: 612± square feet
- Cultivation Room 3: 1,343± square feet

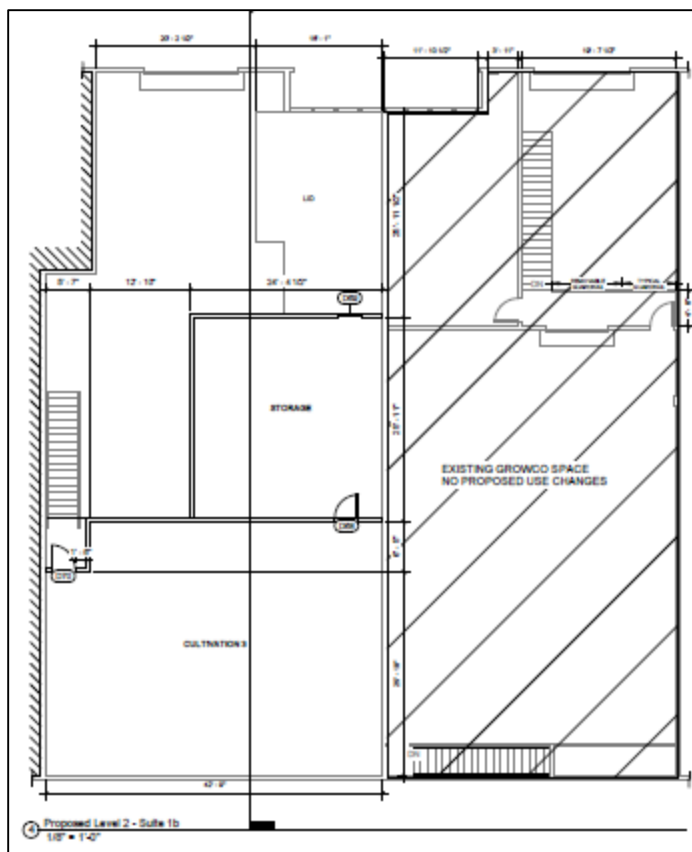


FIGURE 5 Phase Two Floor Plan

Source: William Fisher Architecture, Inc. (Floor Plan, Sheet A2.1)

General Plan

Land designated Industrial in the *City of Watsonville's 2005 General Plan* allows for a variety of industrial related uses, including retail sales; whole sale sales, storage, heavy commercial, transportation services, warehousing, construction, fabrication and trade shops, general manufacturing, food processing, and related services serving the industrial needs of the community.

The 2005 General Plan details the following goals and policies concerning industrial land uses in downtown Watsonville:

- **Goal 4.4 Industrial Land Use** – Achieve economic diversification, living wage employment, the preservation of the agricultural economic base of the Pajaro Valley, and maintain a balance among jobs, housing, and other urban land uses.
- **Policy 4.D. Industrial Land Use** – The City shall promote modernization of existing industrial plants and the location of new industrial facilities on lands planned for industry in Watsonville.
- **Implementation Measure 4.D.1.** – The City shall encourage existing industrial plants to maintain high standards for public safety and environmental quality consistent with economic feasibility. These standards include emission reduction, noise reduction, built-in fire protection, water conservation, and the safe use, storage, and disposal of

hazardous materials.

The purpose of the Industrial designation is to provide and protect an environment which will encourage sound industrial development. The project proposes expanding a permitted cannabis cultivation facility in suites 1b and 4. The project would also provide the following safety and security measures:

- Security Monitoring System,
- Alarm systems,
- Panic buttons
- Security Perimeter lighting,
- Video Surveillance monitoring (24 hours a days 7 days a week) systems,
- Video Retention Systems, and
- On-site Security Personnel

The implementation of security and safety measures would maintain high standards for public safety and environmental quality consistent with economic feasibility. These standards provide necessary safety and security measures in order to protect the adjacent land uses, persons, and properties from excessive noise, heavy traffic, and other nuisances related to cannabis uses.

Zoning

The purpose of the IP Zoning District is to provide a separate and exclusive district for light, non-nuisance industry, business, service, and research work; to promote an industrial business, service, and research area which is not dependent on rail transport and not requiring outdoor storage, to foster and encourage the development of specialized manufacturing, business, service, and research institutions, to promote and protect design and landscape qualities in the district, to minimize traffic congestion through the provision of adequate off-street parking and loading; and to protect the district and surrounding area and any adjacent residential or commercial property from noise, illumination, glare, and unsightliness, including outdoor storage, odors, dust, dirt, litter, smoke, fumes, vibration, heat, fire, and other hazards. [WMC § 14-16.500](#)

Expanding a lawfully established cannabis cultivation facility from 5,000 square feet of canopy area up to 10,000 square feet in the same location³ is subject to a Minor Modification to original Use Permit, pursuant to WMC § 14-12.1000(a)(1). The request by GrowCo. involves less than 25 percent of the building area where the applicant is proposing expanding its cultivation facility into Suites 1B and 4. The total square feet for proposed expansion into Suites 1B and 4 is 4,647± square feet. The two-story industrial building is 22,070± square feet. Therefore, the expansion is considered minor and subject to a Minor Modification approved by the Zoning Administrator.

As the lawfully established cannabis cultivation facility no longer meets the separation requirements for cannabis facilities because of the distance from the Colonial Manor Mobile Home Park, any expansion of a non-conforming use is subject to a Special Use Permit approved by the Planning Commission.

³ [WMC § 14-53.302\(c\)\(d\)](#)

Hours of Operation

The proposed hours of operation for the cannabis cultivation facility are as follows:

- 8:00 am – 4:00 pm

The cannabis cultivation facility would not be open to the public and is limited to employees only.

Number of Employees

The proposed cannabis cultivation facility would employ a maximum of 8 employees, with 5 employees per shift.

Police Review

The Watsonville Police Department monitors all cannabis licenses in the City and the reported crime associated with these sites. The Police Department also confirms that cannabis license holders are following all regulations, safety and security protocols.

The Watsonville Police Department review did not find that the subject property at 9 or 11 Hangar Way had any reported nuisances. The condition of approval requires that the applicant coordinate with the Police Department to review the installation of video surveillance and alarm monitoring systems prior to issuing a Certificate of Occupancy.

Ownership Structure

The ownership structure for the cannabis cultivation facility has remained the same since the inception of GROWCO, LLC. in 2016 and is as follows:

- Company Name: GROWCO, LLC.
- Chief Executive Officer: Bryce Berryessa – 24.14 percent ownership
- Eric Hara – 23.43 percent ownership
- Thomas Frye – 23.43 percent ownership
- Lisa Cangemi – 5.0 percent ownership
- Eric Hammer – 4.0 percent ownership
- David Aguilar – 5.0 percent ownership
- Sequoia Cheney – 5.0 percent ownership
- Christopher Lamotta – 5.0 percent ownership
- Mike Meek – 5.0 percent ownership

Separation Requirements and Non-Conforming Uses

Table 1 outlines the City of Watsonville's separation requirements for all cannabis facilities proposed within city limits.

TABLE 1 Separation Requirements

	Cultivation & Processing (ft)	Manufacturing (ft)	Distribution (ft)	Testing (ft)	Retail (ft)
School (K-12)	600	600	600	600	600
Park	600	600	600		600
Residential District	250	250	250		250
Legal residential use	100	100	100		100
Faith-based facility, licensed daycare, preschool, or library	600	600	600		600

The separation distance for cannabis facilities is measured in three ways:

1. For all cannabis facilities, the distance is measured from parcel property line to parcel property line from schools.
2. For cultivation facilities, parcel property line of sensitive use to nearest wall of the cultivation facility.
3. For all other cannabis facilities, path of travel from sensitive use to main door of the cannabis facility.

When the original cannabis cultivation facility was approved in 2016 by the Planning Commission via Resolution No. 18-16 (PC), the separation requirements for cultivation facilities was measured by path of travel, rather than the current separation requirement, which is measured in a straight line from parcel line of sensitive use to the nearest wall of the facility. Because of this, the facility is now considered a non-conforming use, as the parcel abuts two residential zoning districts: R-1 and RM-2.

Prior to the cannabis ordinance update in 2020, the separation requirements were as follows:

- 300 feet from a residential zone, as drawn by the closest path of foot travel from the property line of residential property to the nearest entrance of the cannabis facility; or
- 600 feet from a school, or church, as drawn by the closest path of foot travel from the property line of the school, park, or church, to the nearest entrance of the cannabis facility.

Measuring using path of travel, the Mobile Park is 1,184± feet from the cultivation facility and the other sensitive use (RM-2 Zoning District) is 1,850± square feet.

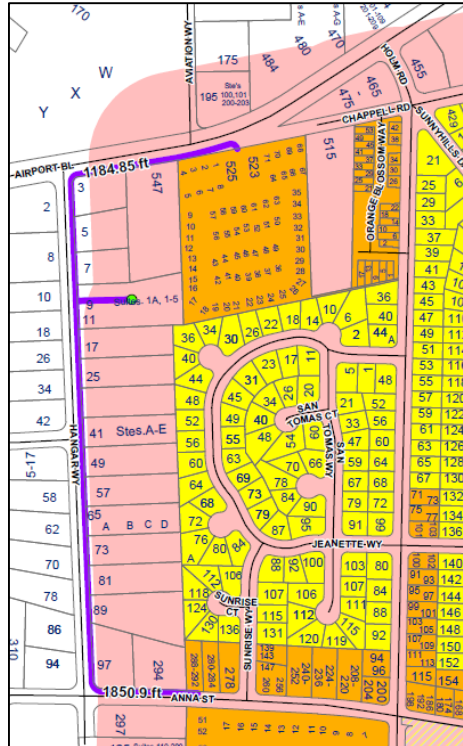


FIGURE 6 Cultivation Separation Requirements in 2016

Source: PC Staff Report Attachment dated 7/12/16

GrowCo's cultivation facility was original approved based on the separation criteria in effect in 2016. Any expansion of the cultivation facility would be considered a non-conforming use per WMC Chapter 14-20.050 as the facility no longer meets current separation requirements. Lawfully established non-conforming uses are allowed expansion or modifications to original permit subject to a Special Use Permit approved by the Planning Commission. The Special Use Permit for a non-conforming use must make the finding that such expansion would not adversely affect adjoining properties and those findings pursuant to WMC § 14-12.513.

The nearest residential zones are located approximately 83± feet from the property (Figure 6). The new separation requirements in Chapter 14-53 of the WMC establish standards for proposed cultivation facilities. These standards require that a cultivation facility be located 250 feet away from any residential district, measured from parcel line of the residential zone to the nearest wall of the cultivation facility. Suite 4 is the closest in proximity to the residential zone at 56± feet measured from the parcel line of the abutting RM-2 Zoning District to the nearest wall of the cultivation facility. The R-1 Zoning District measures 83± feet from property line to nearest wall of the cultivation facility. Suite 4 is where the immature plant nursery would be located. Suite 1B is located further away from the residential zone and would be converted into the canopy area for mature plants. Given that immature plants do not give off odors as the mature plant does, the expansion would not adversely affect the adjoining residential properties. Odor control measures would also be installed, via air filtrations systems to further limit odors being emitted from the facility. Conditions are also applied to this Special Use Permit relating to nuisances concerning odors from nearby properties.

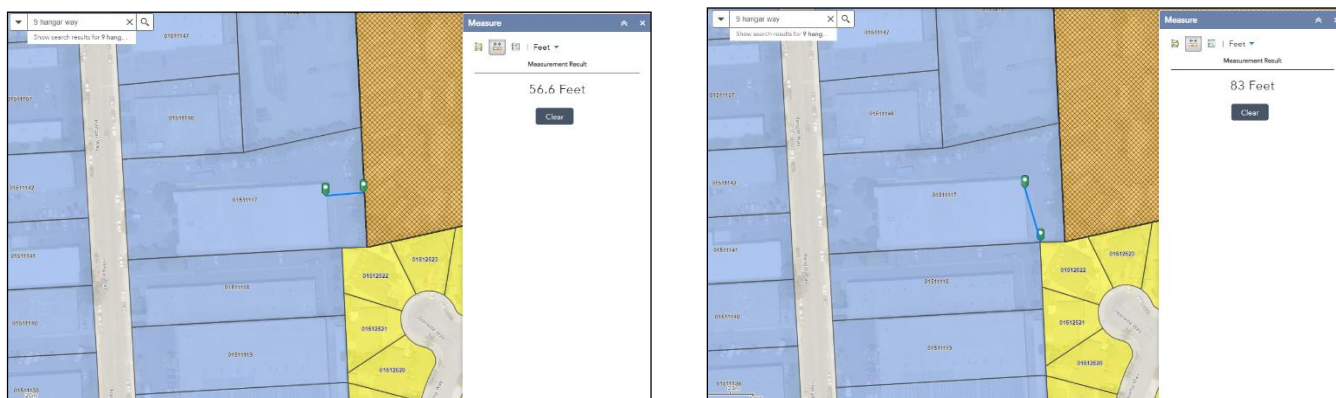


FIGURE 6 Distance to nearest residential zones

Source: City of Watsonville GIS Viewer

Parking

The building is on the southern boundary of the parcel with parking on the west, north and east, [WMC § 14-17.1301\(b\)](#), requires ten parking spaces plus one space for each 150 square feet devoted to the sales floor area. As cultivation facilities have no sales floor area, 10 parking spaces are required for GrowCo. The site plan (Attachment 3, sheet A1.0) identifies that 63 parking spaces are provided, consisting of 42 standard spaces, 19 compact spaces, and two handicap spaces. The businesses and parking required for each, is outlined in the table below.

Business	Parking Required
The Hook (retail cannabis dispensary)	20
Cannabis Manufacturing and Distribution	10
Schniable Construction Inc.	10
Top Tech Machine Shop	10
Cannabis Cultivation	10
Total Required:	60

Lighting/Visual Impact

Nighttime illumination has the potential to change ambient lighting conditions and create a visual nuisance or hazard. The impact of nighttime lighting depends upon the type of use affected, the proximity to the affected use, the intensity of specific lighting, and the background or ambient level of the combined nighttime lighting. Nighttime ambient light levels may vary considerably depending upon the age, condition, and abundance of point-of-light sources present in a particular view. The use of exterior lighting for security and aesthetic illumination of architectural features may contribute substantially to ambient nighttime lighting conditions.

Spillover of light onto adjacent properties ("light trespass") has the potential to interfere with certain activities including vision, sleep, privacy and general enjoyment of the natural nighttime condition. Light sensitive uses include residential, some commercial and institutional uses and natural areas. Changes in nighttime lighting may significantly impact sensitive land uses if a proposed project increases ambient lighting conditions beyond its property line and project lighting routinely spills over into adjacent light-sensitive land use areas.

The proposed expansion for the permitted cannabis cultivation facility did not submit a photometric plan. Therefore, the project is conditioned to submit a complete photometric plan identifying all foot candles up to all property lines and the public right-of-way on Hangar Way, at time of building permit submittal.

Statistics show that crimes are less likely to occur in well-lit areas. Security lighting is one of the most practical and effective ways to prevent crime in or around commercial facilities, specifically, a cannabis facility. The main objective of the security lighting system at the site is to illuminate dark areas and detect or recognize movement in the protected areas. The best vision with outdoor lighting is obtained from downward directed and shielded security lighting that is constantly on, supplemented with lighting triggered by motion detectors to add brighter light.

The exterior lighting for the facility and parking areas is conditioned to avoid glare nuisances on the adjoining properties and public right-of-way. All new light poles are conditioned to not exceed 25-feet in height and shall require specific measures to mitigate any impact, should the City receive a complaint.

Security

Pursuant to WMC § 14-53.404, all cannabis facilities are conditioned to meet all security requirements such as the following:

- Alarm systems
- Remote monitoring of alarm systems by licensed security professionals
- 24-hour video surveillance maintained for a minimum of 90-days
- Motion detectors and sensors
- Security personal on-site 24 hours a day or alternative security such as a verified security patrol when closed

GrowCo's. present security and surveillance system at 9 Hangar Way Suite 2 are inspected on an annual basis by the Watsonville Police Department. WPD found the facility in good standing and currently has remote access to GrowCo's. video surveillance system. Prior to a Certificate

of Occupancy, WPD shall inspect and review the video surveillance system in Suites 1B and 4. The video surveillance plan (Attachment 3, sheet A3.0) has been reviewed by WPD and found to meet all WMC requirements. The project, as conditioned, meets all security standards of the WMC.

Limited Access Areas

The proposed cannabis facility floor plans identify the limited access areas within the tenant space. The limited access areas are required to restrict movement within the cannabis cultivation facility. All main access doors leading into the facility would be equipped with keypad locks and card key access readers. Only permitted employees would be allowed to enter into any areas of the facility with restricted access. All access is limited by high security keys, and/or passcodes. All systems would be monitored once a week to ensure they are in working order. Only certain staff would have access to all areas of the facility, these would include the general manager, CEO, and inventory specialist. All activities and movement within the cannabis cultivation facility would be tracked via the fob system. The entrance area is to be locked at all times and under the control of a designated responsible party that is either an employee, or a licensed security professional.

Environmental Review

This project qualifies for a Class 1 Categorical Exemption from the provisions of CEQA, pursuant to Section 15301 of the *State CEQA Guidelines*. The project consists of the approval of a Special Use Permit (App. No. 1949) to allow expansion of a lawfully established cannabis cultivation facility into the adjacent suites located at 9 Hangar Way Suite 1B and 4. The project is considered an interior remodel to existing facilities involving negligible or no expansion of use.

STRATEGIC PLAN

The purpose of the City of Watsonville's 2018-2020 Strategic Plan is to help the City prioritize its efforts, allocating both fiscal and human resources to achieve shared visions and goals. The 2018-20 Strategic Plan identifies six goals, concerning housing, fiscal health, infrastructure and environment, economic development, community engagement and well-being, and public safety.

The economic development goal (Goal 04) articulates the Council's priorities to "strengthen and diversify the City's economy for all, by supporting and growing existing businesses, attracting new businesses, enhancing workforce development, revitalizing downtown, and engaging the community to reinvest in the City." One of the focus areas is to allow expansion of existing businesses and attract new businesses.

The project involves the expansion of a lawfully established cannabis cultivation facility anticipated to provide employment for a maximum of 15 employees, eight per shift. The cannabis cultivation facility would also provide cannabis tax revenues based on the square footage of canopy area. The tax is paid monthly to the City Finance Department.

FINANCIAL IMPACT

The expansion of a lawfully established cannabis cultivation facility would provide cannabis tax revenue to the City. Approval of the project would not cause any additional financial impacts to the City.

PLANNING COMMISSION ACTION RECOMMENDED

GrowCo. has demonstrated compliance with the conditions of approval of Special Use Permit (PP2016-59) for the cultivation of cannabis products at 9 Hangar Way Suite 2. The Special Use Permit to allow expansion of a lawfully established cultivation facility not meeting current separation requirements, as conditioned, would not adversely affect adjoining properties. Therefore, staff recommends that the Planning Commission approve the Special Use Permit (App. No. 1949) to allow GrowCo. to expand its lawfully established cultivation facility into suites 1B and 4 located at 9 Hangar Way Suite 2.

ATTACHMENTS

1. GrowCo. Staff Report (PP2016-59)
2. 2016 Separation Map
3. Project Plans (dated October 10, 2021)