



# County of Monterey

Board of Supervisors  
Chambers  
168 W. Alisal St., 1st Floor  
Salinas, CA 93901

## Board Report

File #: PC 19-070, Version: 1

### **PLN180466 - T&B SPRAGUE LLC (COMPLIANCE PARK, INC)**

(Continued from September 11, 2019)

Public hearing to consider allowing commercial cannabis distribution, volatile manufacturing, processing, and testing within an existing industrial building in the Castroville industrial park.

**Project Location:** 11065 Commercial Parkway, Castroville, Castroville Community Plan, North County Area Plan (133-492-090-000)

**Proposed CEQA action:** Categorically Exempt per Section 15303 of the CEQA Guidelines

#### **RECOMMENDATION:**

It is recommended that the Planning Commission adopt a resolution to:

- a. Find the project Categorically Exempt per Section 15303 of the CEQA Guidelines; and
- b. Approve a General Development Plan to allow the conversion of an existing industrial building into:
  1. A 609 square foot independent commercial cannabis testing facility
  2. Volatile manufacturing area;
  3. Drying, trimming, processing, and packaging areas;
  4. Distribution facilities; and
  5. Office and storage space.

The attached draft resolution includes findings and evidence for consideration (**Exhibit A**). Staff recommends approval subject to 10 conditions of approval.

#### **PROJECT INFORMATION:**

**Agent:** LRG Attorney's at Law

**Property Owner:** T & B Sprague LLC

**APN:** 133-492-010-000

**Parcel Size:** 1 acre

**Zoning:** Community Plan or "CP"

**Plan Area:** Castroville Community Plan, North County Area Plan

**Flagged and Staked:** No

#### **SUMMARY:**

The subject property is located at 11065 Commercial Parkway, within the industrial area of Castroville, east of Highway 183 and south of Blackie Road. Existing improvements on the 1-acre property include a driveway, 40 parking spaces, an entrance gate, perimeter fencing, and 16,950 square foot industrial building. The building is currently vacant and has been used as a print shop in the past. The applicant, T & B Sprague, LLC, requests a General Development Plan to allow commercial cannabis processing (drying, trimming, processing, and packaging), volatile manufacturing (butane extraction equipment), distribution, and testing within an existing industrial building.

Zoning on the property is Community Plan or "CP" which refers back to the specific development policies and standards adopted in the Community Plan for the parcel's specific geographic area. In this case, the property is governed by the Castroville Community Plan or "CCP," which classifies the land use designation of the property as Industrial or "IND-C."

Staff has reviewed the plans and materials submitted with the application and has determined that the proposed uses are appropriate for the site and sufficient operational information has been submitted in compliance with Chapter 21.67 (Commercial Cannabis Activities) for the uses proposed. See the Discussion that follows for more details.

DISCUSSION:

The applicant is proposing a General Development Plan and tenant improvement that would allow five different spaces/uses within an existing warehouse on the site. Uses include:

1. Cannabis Testing facility
2. Volatile manufacturing
3. Processing/Packaging;
4. Distribution; and
5. Office space

Cannabis Testing - State and local cannabis laws require batch testing of all cannabis and cannabis products through a state licensed cannabis testing facility before it goes to a dispensary for sale. Approved testing labs send an employee to various sites that produce cannabis or cannabis products to obtain random samples for testing. Samples are brought back to the lab for analysis, and a report is produced and tracked based on test results. Samples are destroyed by the lab after analysis. Test are conducted to verify that the product does not exceed specified contaminant levels and to confirm concentrations of certain chemical profiles. This application represents the first cannabis testing facility to be considered in the unincorporated areas of Monterey County. Currently, much of the cannabis grown in the County is sent to testing labs outside of the County of Monterey and this lab space would provide the opportunity for establishment of a local testing facility. Cannabis testing facilities are allowed within the Light Industrial, Heavy Industrial and Agricultural Industrial zoning designations. The site where the testing facility is proposed is zoned for industrial use and therefore allows for testing facilities. The Testing facility will need to be independently owned and operated in accordance with State and County laws. Licensing and certification through the Bureau of Cannabis Control will be required.

Volatile Manufacturing - Volatile cannabis manufacturing involves the use of any solvent that is, or produces a flammable gas or vapor that, when present in the air in sufficient quantities, will create explosive or ignitable mixtures. Butane gas, a volatile solvent, is proposed to be used in closed-loop extraction equipment at the site. The gas with the equipment will extract oils from raw cannabis plant material for use in cannabis oil products or cannabis infused products. The volatile manufacturing will be required to be conducted within a room that is constructed and ventilated in accordance with building and fire department standards to minimize threats from explosion or fire. Pursuant to Chapter 21.67 of the Monterey County Code, volatile manufacturing is limited to sites with a Heavy Industrial "HI" zoning designation. The CCP does not have specific light or heavy industrial designations but generally classifies the land use as "Industrial." The CCP describes the "Industrial" land use designation as: "For light industrial, heavy industrial, and agricultural related industrial development." As such, staff suggests that the proposed uses are permitted in the Industrial designation in Castroville.

Processing/Packaging - This includes drying, curing, grading, trimming, rolling, storing, packaging and labeling of cannabis products. After cannabis plants are harvested, plant materials are typically dried by hanging the plants in a humidity-controlled room. After the plant is dried it can be trimmed to remove stems and leaves. Trimmed material can be rolled into cigarettes or packaged and labeled as flower. Specific state regulations apply including child resistant packaging and labels with information and warnings about the contents within the packages. Weighing devices and other machinery may be used for packaging and labeling.

The Monterey County Agricultural Commission must certify all measuring devices used.

Distribution - Pursuant to state law, cannabis and cannabis products may not be moved between licensed premises unless it is moved by a licensed transporter or distributor. Distributors can transport cannabis and cannabis products between licensed premises including dispensaries. Distributors are responsible for ensuring that testing occurs, storing product while testing occurs, and tracking products through the supply chain.

Office - The proposed office areas, lobby, employee breakrooms, and restrooms would support the above listed cannabis uses.

The activities would occur within an existing industrial building that will be improved to meet current building code standards. As outlined below, the applicant has submitted operational information consistent with the requirements of Chapter 21.67 of Title 21.

### **Consistency with Chapter 21.67**

It is the purpose of Chapter 21.67 of the Monterey County Code to enact strong and regulatory and enforcement controls for "Commercial medical cannabis activities." By definition, this means the cultivation, possession, manufacture, processing, storing, laboratory testing, labeling, transporting, distribution, or sale of medical cannabis or a medical cannabis product. Use Permits granted under this Chapter shall be consistent with local, state, and federal regulations.

### Applicable to all cannabis uses

- All requested uses are allowed in the Light or Heavy Industrial zoning designation.
  - Land Use Designation in the CCP is Industrial
- More than 600-foot radius from school providing instruction in kindergarten or any grades 1 through 12, a childcare center, a youth center, a playground, or drug recovery facility.
  - 2,658-feet from Cato Phillip Park
  - 3,696-feet from Castroville Drug and Alcohol Addiction Treatment Services
- Implement a unique identification protocol (i.e. trace and track program).
  - Packaging and labeling system
    - Lists pharmacologically active ingredients
    - Identification of source and date of cultivation and manufacturer
    - Batch records
  - Shipping system
- Products must remain in legal market (obtained and distributed to other licensed facilities)
  - Inventory control and storage protocol provided
  - Track and Trace
  - Generation of manifests for transport
  - Vendor verification
  - Record keeping
- Provide security improvements to prevent theft and trespass.
  - Security fencing and gate access
  - Project includes 24-hour onsite security
- Properly label and store pesticides and fertilizers shall be to avoid contamination.
  - physical barriers and air pressure differentials
  - prevent cross-contamination

### Manufacturing

- Properly train employees on proper use of equipment and proper hazard response protocols in the event of equipment failure.
  - SOP for training employees

### Testing

- Standard operating procedures for testing
  - Protocol and licensing required
- Independent from all other persons and entities involved in commercial cannabis activities
  - Required for licensing
- Issuance of certificate of analysis
  - Chemical profiles to be sampled are listed in accordance with Bureau of Cannabis Control and public health requirements

### Processing and Packaging

- Packaging and labeling standards
  - Will adhere to all labels and packaging restrictions under County Code and state law
  - Subject to random inspection

### Distribution

- Ensure all products are tested
- Complete electronic shipping manifest prior to transport
- Maintain a copy of shipping manifest during transport
- Perform Quality Assurance inspections prior to transport
- Use alternative fuel vehicles in transport fleet

The General Development Plan and Operational Plans submitted for project are attached **Exhibit B**. The plan contains details about the proposed uses and how those uses will comply with County Code and state law. Hours of operation are proposed to be 24 hours per day, 7 days per week but the facility is not open to the public and shipments will be between the hours of 6 AM and 10 PM. Minor changes to the exterior of the structure will occur to implement security measures. Overall, there will be no change in the building's design and character. The most noticeable change would be the replacement of the a 6-foot chain-link perimeter fence, a new call box at the entry gate, and a new fire department gate access key switch. The minor modifications resulting from the project are consistent with the existing aesthetics of the site and no issues remain. Interior improvements will require a building permit and tenant improvement plan which will trigger building and fire safety requirements. Carbon filters will be installed in the HVAC system to mitigate odor.

### CEQA

Section 15303 of the California Environmental Quality Act exempts the conversion of small structures, from one use to another, where only minor modifications are made to the exterior. The bulk of the proposed modifications will take place within the interior of the structure. Minor modifications to the exterior will occur to allow for implementation of the proposed security measures. Approval of the permit would not result in an increase to the existing square footage of the building. Therefore, the project meets the exemption for requiring environmental review.

### OTHER AGENCY INVOLVEMENT:

The following agencies have reviewed the project, have comments, and/or have recommended conditions:

Environmental Health Bureau  
RMA-Public Works  
RMA-Environmental Services  
Water Resources Agency  
North County Fire Protection District  
Castroville Land Use Advisory Committee

The proposed project was reviewed by the Castroville Land Use Advisory Committee (LUAC) on March 4, 2019. The LUAC recommended approval of the project as submitted by a vote of 3 ayes and 1 no. No reason or recommendation was provided for the dissent vote.

**FINANCING:**

Funding for staff time associated with this project is included in the FY16-17/17-18 Adopted Budgets for RMA-Planning.

Prepared by: Son Pham-Gallardo, Associate Planner, x5175  
Reviewed by: Craig Spencer, RMA Planning Services Manager  
Approved by: John Dugan, FAICP, RMA Deputy Director of Land Use

The following attachments are on file with the RMA:

Exhibit A - Draft Resolution including:

- Conditions of approval
- Project Plans

Exhibit B - General Development Plan and Operations Plan

Exhibit C - Vicinity Map

Exhibit D - Castroville Community Advisory Committee Recommendation

Exhibit E - Interested Party Letters

cc: Front Counter Copy; Planning Commission, Craig Spencer, RMA Services Manager; Son Pham-Gallardo, Project Planner; Thomas Sprague, Owner; Trinh Retterer, Agent; The Open Monterey Project (Molly Erickson); LandWatch (Executive Director); Project File PLN180466.