TO:        Honorable Mayor and City Council Members

FROM:    Luis Lopez, Development Services Director

SUBJECT:  Roots Retail Cannabis Microbusiness and Café Project

1) Resolution No. 2019-20, approving Conditional Use Permit (CUP 306) to allow a 4,080 square foot retail cannabis microbusiness consisting of retail space, coffee shop, delivery office, conference rooms, offices, manufacturing space and a parking lot in a vacant building located at 791 Orchard Avenue.

2) Ordinance No. 1139, approving Change of Zone (CZ 18-04) to add the RC (Retail Cannabis) overlay zone to the existing R-M (Multiple Family Residential) zone at 791 Orchard Avenue (First Reading).

STAFF RECOMMENDATION:

Staff recommends that the City Council adopt the following resolution and Ordinance for the Roots Cannabis Microbusiness:

1) Resolution No. 2019-20 approving Conditional Use Permit No. 306 to allow a 4080 square foot retail cannabis microbusiness consisting of retail space, coffee shop, delivery office, conference rooms, offices, manufacturing and a parking lot on an 11,250 square foot lot (90' x125') at the northwest corner of Orchard Street and 5th Street (791 Orchard Avenue).

2) Introduce for 1st Reading, by title only, Ordinance No. 1139 approving Change of Zone (CZ 18-04) to add the RC (Retail Cannabis) overlay zone to the existing R-M (Residential Multiple Family) zone at 791 Orchard Avenue.

EXECUTIVE SUMMARY:

This item was continued from the May 8, 2019 and May 22, 2019 public hearings at the request of the applicant. In response to neighborhood opposition, the applicant has secured an agreement to lease a commercial building (yet to be constructed) for a cannabis dispensary at the commercial property located at the southwest corner of Avenue 48 and Grapefruit Boulevard. Ordinance No. 1140 would facilitate that opportunity for Roots Coachella, Inc. Therefore, the City Council’s approval of this Change of Zone and Conditional Use Permit would be a contingency plan for Roots Dispensary in case they are unable to secure approvals for the new dispensary location.
On March 20, 2019 the Planning Commission conducted a public hearing and recommended (4/1) to the City Council, approval of the ROOTZ CAFE retail cannabis microbusiness with coffee shop project. In their deliberations, the Commission expressed concern regarding the close proximity of the proposed cannabis dispensary to Veteran’s Park and the Palm View School campus and City Library. There was a suggestion to send bilingual notices and increase the 300-foot radius for mailed notices of public hearings for conditional use permit projects. In their 4/1 vote, the Commission added a requirement for the owner to work with staff to enlarge the coffee shop, and to prohibit any cannabis images on the future murals on the building.

**BACKGROUND:**

The above referenced applications are proposed on an 11,250 square foot lot in a vacant former medical office building at the NW corner of Orchard Avenue and 5th Street as illustrated on the following photographs:

*An aerial photograph of the site is illustrated above:*
Photograph looking at property and the existing building from Orchard Avenue.

Photograph looking at property and existing building from corner of Orchard Ave. and 5th St.
History of the Existing Building

Staff reviewed the building permits that have been issued for the property (see attachment) and was unable to determine precisely when the existing building was constructed.

However, the aerial photograph to the right was taken circa 1949 and it shows evidence that this building was already constructed (as seen by the shadow of an existing building) at this location.
The first record of a building permit was issued on February 18, 1963 for a tenant improvement for the interior of the building. Various other building permits were issued in 1964 for tenant improvements. In October 1965, the use of the building changed to a medical office building and it appears that use existed until the mid-2000’s. The last building permit issued for the property was on October 12, 2009 to install chain link gates across the driveway along 5th Street and a chain link gate at the driveway along Orchard Street. No building permits have been issues since 2009.

The last business license issued for the property was issued in 2006 for a medical office.

**Overview of the Roots Microbusiness**

The Project proposes the development of the 11,125 square foot lot with a 4080 square foot microbusiness consisting of retail space, café, delivery office, conference rooms, offices, manufacturing and a parking lot as illustrated below:
Both the interior and exterior of the building, including all landscaped areas will be remodeled and brought up to current building codes. The applicant worked with staff to have the color palette be more in keeping with the Veteran’s Park theming, as shown on the exhibit below.

Rendering above illustrates proposed exteriors looking towards the front of the building from Orchard Avenue.

The elevation below is looking at the south side of the building from, including the final landscaping, as viewed from 5th Street.

The illustration below is looking at the north side of the building from the parking lot.
The images below illustrate the proposed interior of the building:
DISCUSSION/ANALYSIS

Environmental Setting:

The site is designated “General Neighborhood” on the 2035 Coachella General Plan as illustrated to the right:
The project site is zoned Multiple Family Residential Zone (R-M) as illustrated on the following exhibit:

Surrounding properties to the north are zoned R-S (Single Family Residential), while land to the west is zoned R-M, Residential Multiple Family, and land south and east of the site is zoned General Commercial.

Surrounding land uses to the east, across Orchard Street consist of Veterans Memorial Park and City Hall, while land uses to the north and west primarily consist of single-family homes with scattered vacant lots. Lands to the south consist of single-family homes and the Rabobank bank building.

**Consistency with the Coachella General Plan**

The proposed project is consistent with the General Neighborhood land use designation of the General Plan 2035 Land Use Element as ancillary uses permitted in the civic center areas. The project is consistent with the Pueblo Viejo Revitalization Plan which seeks to preserve historic structures and allow for the re-use of adjoining residential uses to office and compatible commercial uses as recently directed by the City Council as part of the Pueblo Viejo Implementation Strategy plan.
Consistency with the (R-M) Multiple Family Residential Zone

The City specifically allowed the RC (Retail Cannabis) regulations to include those RM properties that are in close proximity to 5th Street and Orchard Avenue to participate in the Sub-Zone #1 process for dispensary uses. However, based on City Council direction, Ordinance No. 1140 will remove the opportunity for any future retail cannabis business to operate in the immediate vicinity of the Civic Center and Veterans Park.

The subject parcel was created and recorded in 1902 within the jurisdiction of Riverside County, 44 years before the City incorporated in December 1946. The parcel measures 90 feet wide and is 125 feet long with a total square footage of 11,125 square feet. As stated previously, the building was constructed sometime before 1963, before the current development standards of the Multiple Family Residential Zone (R-M) zone were enacted by the City of Coachella.

The proposed project meets the R-M zoning standards for lot size, lot coverage and building height. However, the project does not meet the 20-foot setback requirement for the rear yard or the 10-foot requirement for a street side yard on a corner lot. The project proposes an 11 foot 10 inch year yard setback and a 5 foot 9 inch side yard setback. However, the Zoning Code recognizes this building as a nonconforming structure as it was built prior to the City’s adoption of the Zoning Code.

Consistency with Section 17.54.010 Parking and Landscaping Requirements

The total square footage of the proposed project measures 4080 square feet. Based on the Municipal Code, a total of 16 spaces would be required; however; Section 17.54.010 C1 provides a 60% reduction in required parking spaces if the proposed use is within 500 feet of a public owned lot. In this case, the public parking lot at City Hall is within 500 feet of the proposed use, therefore the required number of spaces would be 6. The project proposes 6 parking spaces in accordance with the ordinance.

Section J of Section 17.54.010 specifies the landscaping requirements for projects within the City. Because the lot was created and the building constructed before these standards were in existence it is impossible for the proposed project to meet all of the requirements of this section. For example, Section J3 requires a 10-foot planter between commercial and residential uses. Due to the size of the lot and placement of the existing building, it would be virtually impossible to install a planter and facilitate parking for the proposed project.

The Planning Department considers the existing building a non-conforming use and as such, the Director has the discretion of allowing the proposed use to proceed without adherence with the above reference specific zoning standards.

Furthermore, the Conditional Use Permit will be in compliance with the standards of the Zoning Ordinance with respect to the RM-RC (Multifamily Residential – Retail Cannabis Overlay)
including minimum lot size, minimum lot depth, and minimum lot width. Additionally, the existing building will be brought up to all current building codes prior to the issuance of a certificate of occupancy.

**Consistency with Section 17.47: RC Retail Cannabis Overlay Zone**

The proposed retail cannabis store and coffee take-out window are within Sub-Zone 1 as identified within Chapter 17.47 of the Municipal Code which allows the dispensary and a secondary business to be proposed at this location. Due to the close proximity or residential uses staff is recommending that all hours of operation for this business be limited to 10:00 am to 10:00 p.m. daily.

The project meets the property development standards as identified in Section 17.47.060, A-F as outlined below:

**17.47.060 - Property development standards.**

A. **Project Area/Lot/Building Height Requirements.** Except as specified in the applicable development agreement, CUP or regulatory permit, the project area, lot size, lot coverage and building height requirements of the underlying zone shall apply.

B. **No Drive-Thru Retail Cannabis Facilities.** No retail cannabis business within the RC Overlay Zone shall operate "drive-thru", "drive up", "window service" or similar facilities whereby a customer can order, purchase and receive retail cannabis without leaving his or her vehicle.

C. **No Non-Storefront Retailers.** No retail cannabis business within the RC overlay zone shall be operated as "non-storefront" or "delivery only". Delivery may only be approved as ancillary to the operation of a permitted cannabis retail business which is physically located within the RC overlay zone and which primarily provides cannabis to customers on the premises.

D. **Distance Restrictions.** No retail cannabis business within the RC overlay zone shall be located within two hundred fifty (250) feet of any public or private school (K-12), day care center or youth center. The distance shall be measured from the nearest point between any parts of the building containing the retail cannabis business to any lot line of the other use. For purposes of this paragraph, the following definitions shall apply:

1. "Day care center" means any child day care facility other than a family day care home, and includes infant centers, preschools, extended day care facilities and school age child care centers.
2. "Youth center" means any public or private facility that is primarily used to house recreational or social activities for minors, including, but not limited to, private youth membership organizations or clubs, social service teenage club facilities, video arcades, or similar amusement park facilities.
E. Location of Customer Entrance. No retail cannabis business shall have a customer entrance that is adjacent to or directly across the street from a residentially zoned lot.

F. On-Street/Off-Street Parking and Loading.
   1. Off-Street Parking and Loading. Off-street parking and loading facilities for a retail cannabis business shall be provided in accordance with the provisions of Section 17.54.010-C (1) of this title.
   2. On-Street Parking and Loading. On-street parking or loading shall be prohibited for a retail cannabis business.

Architectural Review/Materials

The rendering below provides an overview of the proposed project including landscaping, parking, signage and enhancements to the existing building.
Landscaping

The project proposes a landscaped planter measuring 5 ft. 9 inches along 5th street that wraps around Orchard Street. Two additional landscaped planters are proposed within the parking lot. A conceptual landscaping plan for the entire project is illustrated below. Final landscaping plans will be submitted and approved prior to the issuance of building permits for the project.
Walls and Fencing

The project proposes to construct 6-foot high decorative block walls along the northern property line and along the rear property line. Existing walls will be modified accordingly to increase the height in order to meet this standard.

ENVIRONMENTAL REVIEW:

The City has determined that the project is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15303 (C) that exempts the conversion of existing small structures from one use to another where only minor modifications are made to the exterior of the structure.

CORRESPONDENCE:

The City has received email correspondence from a local resident, Mr. Danny Gutierrez, who is opposed to this project (see attached email correspondence).

Additionally, the applicant has indicated that they are willing to build their dispensary at the southwest corner of Avenue 48 and Grapefruit Boulevard on the AM/PM property, if the City Council authorizes this option as part of Ordinance No. 1140.

ALTERNATIVES:

1) Recommend approval of Conditional Use Permit No. 306 and Change of Zone No. 18-04 with the findings and conditions as recommended by staff.

2) Deny Conditional Use Permit No. 306 and Change of Zone 18-04.

3) Continue these items and provide staff and the applicant with direction.

FISCAL IMPACT:

The proposed project will have positive fiscal impacts on City projects, through the collection of cannabis excise taxes which are administered through the City’s Cannabis Regulatory Permit procedures.

RECOMMENDED ACTION:

It is staff’s recommendation that the Planning Commission open the public hearing and allow input from all proponents and opponents of the proposed project. Because the proposed Project is in conformance with the City’s General Plan and the proposed use would be consistent with
the Municipal Code and compatible with the surrounding uses in the area, it is staff’s recommendation that the proposed project be approved by taking the following actions:

1. Adopt Resolution No. 2019-20 approving Conditional Use Permit No. 306 with the findings and attached conditions of approval

2. Introduce for 1st reading, by title only, Ordinance No. 1139 approving Change of Zone No. 18-04 with the findings in the attached draft ordinance.

Attachments: Resolution No. 2019-20 approving CUP 306
                 Ordinance No. 1139 approving CZ 18-04
                 Exhibit A: Conditions of Approval for CUP 306
                 Historical Building Permits
                 Correspondence