



**CITY OF EUREKA**  
DEVELOPMENT SERVICES DEPARTMENT  
Rob Holmlund, AICP, Director

531 K Street • Eureka, California 95501-1146  
Ph (707) 441-4160 • Fx (707) 441-4202  
planning@ci.eureka.ca.gov • www.ci.eureka.ca.gov

**NOTICE OF PUBLIC HEARING**  
**EUREKA CITY PLANNING COMMISSION**

**NOTICE IS HEREBY GIVEN** that the proposed development described below is within the coastal zone and, pursuant to the Eureka Municipal Code, the City of Eureka Planning Commission will decide whether to approve, conditionally approve, or disapprove the conditional use permit and coastal development permit application at a public hearing held at 5:30 p.m. on Monday, December 10, 2018 in the Council Chambers of Eureka City Hall (531 K Street) or as soon thereafter as the matter can be heard.

**Project Title:** *Humboldt JG Group Use and Coastal Development Permit*

**Project Applicant:** Humboldt JG Group LLC

**Case No:** C-18-0012/CDP-18-0014

**Project Location:** 716 W. Cedar Street; APN 003-131-017

**Zoning and General Plan Designations:** ML (Light Industrial)/LI (Light Industrial)

**Project Summary:** The applicant is seeking a Conditional Use Permit (C) and Coastal Development Permit (CDP) for cannabis “manufacturing, volatile, small”, which is listed as a conditional use in the subject zoning district. The parcel is located in the Coastal Zone, and a Coastal Development Permit is required (filed 11/5/2018). If these permits are granted, the use of “volatile” cannabis manufacturing would apply to the entire parcel. A Commercial Cannabis License is being processed separately. For more information contact Rob Dumouchel (Development Services Department) at 707-441-4164, or see this website:

[http://www.ci.eureka.ca.gov/depts/development\\_services/public\\_hearing\\_notices.asp](http://www.ci.eureka.ca.gov/depts/development_services/public_hearing_notices.asp)

**How to Comment:** Written comments on the project may be submitted at the hearing, or prior to the hearing by mailing or delivering them to the Development Services Department, Third Floor, 531 K Street, Eureka, CA. Accommodations for handicapped access to City meetings must be requested of the City Clerk, 441-4175, five working days in advance of the meeting. Appeals to the City Council of the action of the Planning Commission on the project may be made within 10 calendar days of the action by filing a written Notice of Appeal, along with filing fees as set by the City Council, with the City Clerk. The City’s final action is appealable to the California Coastal Commission. If you

challenge the nature of the proposed action in court, you may be limited to raising only those issues that you or someone else raised at the public hearing described in this notice or written correspondence delivered to the public entity conducting the hearing at or prior to the public hearing. The project file is available for review at the Development Services Department, Third Floor, City Hall. If you have questions regarding the project or this notice, please contact Rob Dumouchel, Associate Planner, phone: (707) 441-4164; fax: (707) 441-4202; e-mail: [rdumouchel@ci.eureka.ca.gov](mailto:rdumouchel@ci.eureka.ca.gov)



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**EUREKA CITY PLANNING COMMISSION**

**STAFF REPORT**

*December 10, 2018*

**Project Title:** *Humboldt JG Group Use Permit and Coastal Development Permit*

**Project Applicant:** Humboldt JG Group LLC

**Case No.:** C-18-0012/CDP-18-0014

**Project Location:** 716 W. Cedar

**APNS:** 003-131-017

**Zoning and General Plan Designations:** Limited Industrial (ML)/Light Industrial (LI)

**Project Description:** Humboldt JG Group is seeking a Conditional Use Permit (C) and Coastal Development Permit (CDP) for cannabis “manufacturing, volatile, small”, which is listed as a conditional use in the subject zoning district. The parcel is located in the Coastal Zone, and a Coastal Development Permit is required (filed 11/5/2018). If these permits are granted, the use of “volatile” cannabis manufacturing would apply to the entire parcel. A Commercial Cannabis License is being processed separately. In addition to this application for volatile manufacturing, the parcel also hosts businesses with cannabis distribution and non-volatile manufacturing licenses.

Volatile Manufacturing facilities manufacture cannabis oils. One of two things can be done with the oils that are produced on site. One option is that cannabis oils can be sold wholesale to other businesses. A second option is that cannabis oils can be utilized in additional on-site manufacturing processes to create value-added products such as vape pens, tinctures, or food products. These value-added products can then be sold wholesale to other businesses. This applicant has its own cannabis distribution license to be able to sell and transport its products to other businesses.

There are several different techniques for creating cannabis oils and concentrates. The Volatile Manufacturing process uses solvents (e.g. butane, benzene, etc.) to extract specific compounds from cannabis plant material. These solvents are stored in metal cylinders and then filtered through cannabis plant material utilizing specific manufacturing machinery designed to create plant extracts. The machinery injects the volatile solvents into the cannabis plant material, creates a thick cannabis-infused oil, removes the volatile solvents from the extracted oil, and then recycles the solvents back through the machinery in a “closed-loop” system, where it is reused in another cycle. The solvents used in this process are flammable (volatile) and can be very dangerous if they leak from the system. This is what makes the process “volatile” and why facilities using solvents are heavily regulated by the City, with extensive involvement from the Police, Fire, and Building Departments.

Note that applications for volatile cannabis licenses are reviewed and approved/denied by the Humboldt Bay Fire Department and the City of Eureka Building Department in relation to Fire and Building Codes,

which specify requirements for fire suppression, ventilation, air purification, wall construction, and emergency exit plans. Likewise, the Eureka Police Department has review and approval authority for Safety and Security Standards. The applicant’s plans for the site will be reviewed by the Fire Department, Police Department and Building Department prior to operation.

**Staff Contact Person:** Rob Dumouchel, Associate Planner; Development Services Department; 531 K Street, Eureka, CA 95501; Phone: (707) 441-4164, Email: [rdumouchel@ci.eureka.ca.gov](mailto:rdumouchel@ci.eureka.ca.gov).

**Staff Recommendation:**

1. Hold a Public Hearing; and
2. Adopt a Planning Commission Resolution approving, with conditions, a use permit and coastal development permit allowing Volatile Cannabis Manufacturing at 716 W Cedar (APN 003-131-017).

**Environmental:** The conditional use permit is a discretionary action subject to environmental review in accordance with the California Environmental Quality Act (CEQA); however, the project qualifies for a Class 1 exemption (Section 15301) from CEQA which exempts the conversion and minor alteration of existing structures. Class 1 consists of the operation, repair, maintenance, permitting, leasing, licensing, minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency’s determination. The use of volatile cannabis manufacturing will take place within existing buildings on the parcel.

**Project Analysis:** Eureka Municipal Code Sec. 10-5.29310.1 requires that a Coastal Development Permit be approved only upon making the finding that the proposed development conforms to the policies of the Local Coastal Program.

**1. Overall objectives of the Coastal Zone (EMC §10-5.2902):**

Objective 1	Protect, maintain, and where feasible, enhance and restore the overall quality of the coastal zone environment and its natural and human-created resources;
	<b>The proposed use will be contained within an existing structure and does not involve new development. The approval of the proposed use is anticipated to have no negative effects or impacts on the quality of the coastal zone environment.</b>
Objective 2	Assure orderly, balanced utilization and conservation of coastal zone resources, taking into account the social and economic needs of the people of this region, state, and nation;
	<b>The proposed use will be contained within existing structures in a developed industrial area. The project supports the social and economic needs of the region by filling a vacant space and creating jobs. The applicant indicated that their manufacturing business could support 2-10 employees per shift. The approval of the proposed use will have no impact on the utilization and conservation of coastal zone resources.</b>

Objective 3	Maximize public access to and along the Humboldt Bay shoreline, and maximize public recreational opportunities in the coastal zone, consistent with sound resource conservation principles and constitutionally protected rights of private property owners;
	<b>The site is not adjacent to Humboldt Bay or any other shorelines or coastal recreational amenities. The use will be contained within existing structures. The introduction of volatile manufacturing facility is not anticipated to impact coastal access or conservation.</b>
Objective 4	Assure priority for coastal dependent and coastal-related development over other development on the shoreline;
	<b>Not applicable. The property is not located along a shoreline or waterway. The site is located in a longstanding industrial area and is surrounded by other non-coastal-dependent uses.</b>
Objective 5	Provide a definite plan for development so as to guide the future growth of the City within the Coastal Zone;
	<b>The Local Coastal Program provides for the development and growth of the City within the coastal zone; the proposed use is consistent with the purposes of the Coastal Land Use Plan and the Coastal Implementation Plan (zoning) and land use designations.</b>
Objective 6	Protect the social and economic character and stability of residential, commercial, agricultural, and industrial areas within the City.
	<b>The proposed use will be contained within existing structures within an industrial complex. The proposed use will not negatively affect the stability of the existing neighboring uses. The proposed use will not be inharmonious with the existing industrial character of the area.</b>

**2. Purposes of the Light Industrial (ML) District (EMC §10-5.29160):** (Findings in bold)

Purpose a	To reserve appropriately located areas for industrial plants and related activities;
	<b>The parcel is presently the site of a cluster of four industrial buildings. Approving a volatile manufacturing use maintains the integrity of this industrial zoned area by keeping it in industrial operation.</b>
Purpose b	To protect areas appropriate for industrial uses from intrusion by dwellings and other inharmonious uses;
	<b>The proposed use does not include residential dwellings or sensitive receptors that could be affected by adjacent industrial uses.</b>
Purpose c	To protect residential and commercial properties and to protect nuisance-free, nonhazardous industrial uses from noise, odor, insect nuisance, dust, dirt, smoke, vibration, heat and cold, glare, truck and rail traffic, and other objectionable influences, and from fire, explosion, noxious fumes, radiation, and other hazards incidental to certain industrial uses;
	<b>The proposed business is not anticipated to create nuisances towards residential and commercial properties. The proposed business will employ</b>

	<b>an air filtration system to minimize odors. The process of oil extraction does not generate excessive noise or heat. Proposed tenant improvements are designed to isolate and minimize noxious fumes, fire, or explosion. Fire and Building Codes require fire suppression equipment.</b>
Purpose d	To provide opportunities for certain types of industrial plants to concentrate in mutually beneficial relationship to each other;
	<b>At this time, two separate businesses have applied for four different commercial cannabis licenses at this location with the potential for more to come in the future. The concentration of cannabis manufacturing businesses at this location could create benefits for all businesses on the site.</b>
Purpose e	To provide adequate space to meet the needs of modern industrial developments, including off- street parking and truck loading areas and landscaping;
	<b>The site has existing parking and loading areas sufficient to serve the existing buildings. No new buildings or expansions of the structures are proposed.</b>
Purpose f	To provide sufficient open space around industrial structures to protect them from the hazard of fire and to minimize the impact of industrial plants on nearby residential and agricultural districts; and,
	<b>No expansion of the existing buildings’ footprint is proposed as a part of this conditional use permit. California Building Codes and Fire Codes will minimize the risks posed by noxious fumes, fire, or explosion. Fire and Building Codes also require fire suppression equipment. There are no residential structures or agricultural districts nearby.</b>
Purpose g	To minimize traffic congestion and to avoid the overloading of utilities by preventing the construction of buildings of excessive size in relation to the amount of land around them.
	<b>No new buildings are proposed, all manufacturing uses would take place in existing structures.</b>
Purpose h	To provide locations for industries that can operate in close proximity to commercial and residential uses with minimum mutual adverse impacts.
	<b>The project location is not near parcels with residential uses. The site is located near some commercial uses that include RMI Outdoors to the east and a self-storage facility to the north. Given that City regulations will not allow cannabis odors to be detectable outside of the facility and will not allow cannabis plants to be seen from outside the facility, the neighboring properties will likely never be able to tell that cannabis manufacturing is occurring on the parcel.</b>
Purpose i	To protect light industrial and related uses from nuisances associated with heavy industrial uses.
	<b>The subject property is separated from heavy industrial uses by Koster Street. There are no present concerns that neighboring heavy industrially zoned areas will negatively impact the volatile cannabis manufacturing use at the subject parcel.</b>

**3. No detrimental effect to public health, safety, welfare, or to properties in the vicinity (EMC §10-5.2407.1):**

Based on the discussion above, the facility, as conditioned, will operate without creating a detrimental effect to public health, safety, and welfare or to properties in the vicinity. Through the application of the suggested conditions and through the enforcement of other existing City regulations, the use will not be permitted to allow cannabis odors to be detectable outside of the facility. Additionally, volatile manufacturing facilities must be approved and inspected by the Building and Fire Departments before operating and are subject to inspections at any time after operations begin.

**4. Local Coastal Program (EMC §10-5.29300)**

The site of the proposed use is located in the Coastal Zone and the Eureka Municipal Code requires a Use Permit and Coastal Development Permit to be approved by the Planning Commission. The City of Eureka has permit jurisdiction for issuing the Coastal Development Permit. The project is appealable to the state Coastal Commission.

The property is zoned Limited Industrial (ML), which is intended to reserve appropriately located areas for industrial plants and related activities. The proposed use meets the intention of the zoning designation, as it is a light industrial use appropriate for an industrial area.

The subject property has a Land Use designation of Light Industrial (LI) which is intended for lower-intensity industrial development that has minimal effects on nearby commercial and residential uses. The proposed use of small volatile manufacturing takes advantage of an industrial site for small scale manufacturing. The subject parcel is not located near any residential areas. This proposed use meets the intention of this Land Use.

Based on the discussion above, the proposed use is consistent with the Local Coastal Program's Land Use Plan and Implementation Plan.

**Agency and Departmental Comments:** Referrals were sent to several Tribes, agencies and City departments with interest or jurisdiction over the property or the intended use of the property.

1. Tribal: The Blue Lake Tribal Historic Preservation Officer (THPO), Bear River Band THPO, and Wiyot THPO agreed that appropriate protocols for any groundbreaking work that includes inadvertent archeological discovery of cultural or historical artifacts should be followed.
2. Humboldt County Public Health: The Humboldt County Division of Public Health provided a recommended condition of approval for the project:

*“Recommend Conditional Approval. Under California Health and Safety Code, Section 25404 et seq., any business that handles hazardous materials at any one time, in a quantity equal to, or greater than: a total weight of 500 pounds, a total volume of 55 gallons, or 200 cubic feet of gas at standard temperature and pressure must report these activities via the California Environmental Reporting System (CERS) online at [www.calepa.cers.ca.gov](http://www.calepa.cers.ca.gov). Similar requirements apply to businesses which generate or treat hazardous waste and/or operate an underground*

*storage tank system (UST). If this business meets any of the above requirements, they must complete a Hazardous Materials Business Plan (HMBP) submittal via the California Environmental Reporting System (CERS). HMBP information must be updated in CERS within 30 days of beginning storage of chemicals, or operation. Maintain compliance with all HMBP requirements and inspections.”*

No other comments were received which indicate that the proposed cannabis manufacturing facility use will be detrimental to the public health, safety, and welfare.

**Support Material:**

Attachment 1 Planning Commission Resolution..... page 7

**PLANNING COMMISSION RESOLUTION NO. 2018-\_\_**

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF EUREKA APPROVING A CONDITIONAL USE PERMIT (C-18-0012) AND COASTAL DEVELOPMENT PERMIT (CDP-18-0014) ALLOWING VOLATILE MANUFACTURING AT 716 W. CEDAR; APN 003-131-017

**WHEREAS**, the applicant is proposing to conduct volatile manufacturing of cannabis; and

**WHEREAS**, the property at 716 W. Cedar is located in the Coastal Zone, is zoned Limited Industrial (ML) and has a land use designation of Light Industrial (LI); and

**WHEREAS**, “manufacturing, volatile, small” is conditionally permitted in the ML district and requires a Use Permit; and

**WHEREAS**, conditionally permitted uses in the Coastal Zone require a Coastal Development Permit; and

**WHEREAS**, the Eureka Municipal Code §10-5.29310.1 prescribes the findings required to be made by the Planning Commission prior to granting a Coastal Development Permit; and

**WHEREAS**, the Eureka Municipal Code §10-5.2407.1 prescribes the findings required to be made by the Planning Commission prior to granting a Use Permit.

**NOW THEREFORE, BE IT RESOLVED** by the Planning Commission of the City of Eureka that the project, as conditioned below and described in the Staff Report, is approved.

**BE IT FURTHER RESOLVED** by the Planning Commission of the City of Eureka that the decision to approve with conditions the subject applications was made after careful, reasoned and equitable consideration of the evidence in the record, including, but not limited to: written and oral testimony submitted at the public hearing; the staff report; site investigation(s); agency comments; the project files; and, evidence submitted with the permit application. The findings of fact listed below “bridge the analytical gap” between the raw evidence in the record and the Planning Commission’s decision:

1. Action on the Use Permit and Coastal Development Permit is a discretionary action subject to environmental review in accordance with the California Environmental Quality Act (CEQA); however, the project qualifies for a Class 1 exemption from CEQA which exempts the conversion and minor alteration of existing structures because it will take place within existing structures and does not call for the expansion of the footprint of any buildings.
2. The proposed use of small volatile cannabis manufacturing facility and its proposed location are in accord with the objectives of Title 5, Chapter 10 of the Eureka Municipal Code and the purposes of the district in which the site is located as documented in the staff report.
3. The project location and the conditions under which it would be operated or maintained will not be detrimental to the public health, safety, or welfare or materially injurious to properties or improvements in the vicinity as documented in the staff report.

4. The site of the proposed use is located in the Coastal Zone and the Eureka Municipal Code requires a Coastal Development Permit to be approved by the Planning Commission. The City of Eureka has permit jurisdiction for issuing the Coastal Development Permit. The project is appealable to the state Coastal Commission.

**FURTHER** approval of both the Use Permit and Coastal Development Permit is conditioned on the following terms and requirements. The violation of any term or requirement of this conditional approval may result in the revocation of the permit.

1. Any cannabis businesses operating at the subject property shall install odor control measures that shall be reviewed and approved by the City Building Department prior to operations. The odor control measures implemented shall be effective at controlling cannabis odors such that no cannabis odors shall be detectable outside the exterior walls of the facility.
2. Cannabis plant materials shall not be visible from the exterior of the property. This includes cannabis plant materials that are present onsite, in any buildings at the site, or in any vehicles at the site. The only exception to this condition is during brief periods of loading and unloading.
3. Any cannabis businesses operating at the subject property shall meet with the City of Eureka Fire Department, Building Department, and Police Department and shall implement safety, security, and other related requirements imposed by those Departments.
4. The property owner, or tenants, shall install and maintain a security system at the subject property within any buildings (present or future) that are engaged in cannabis manufacturing. The security system(s) shall be designed as a means of deterring and discouraging criminal activity at the property for as long as any business is engaged in the proposed use.
5. Prior to commencement of any demolition, remodeling, or construction, the applicant shall obtain all required Building and Fire permits to the satisfaction of the City of Eureka Building and Humboldt Bay Fire Departments.
6. In the event a building permit involving any ground disturbing activity is issued, the City's standard protocol for incidental archeological discovery (cultural or historical artifacts) shall be followed.
7. If the business handles hazardous materials at any one time, in a quantity equal to, or greater than: a total weight of 500 pounds, a total volume of 55 gallons, or 200 cubic feet of gas at standard temperature and pressure, the business must report these activities via the California Environmental Reporting System (CERS) and complete a Hazardous Materials Business Plan (HMBP) submitted via CERS. HMBP information must be updated in CERS within 30 days of beginning storage of chemicals, or operation. Business must maintain compliance with all HMBP requirements and inspections.

**PASSED, APPROVED AND ADOPTED** by the Planning Commission of the City of Eureka in the County of Humboldt, State of California, on the tenth day of December 2018 by the following vote:

AYES: COMMISSIONER  
NOES: COMMISSIONER  
ABSENT: COMMISSIONER  
ABSTAIN: COMMISSIONER

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Jeff Ragan, Chair, Planning Commission

*Attest:*

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Rob Holmlund, Director of Development Services