



# PLANNING COMMISSION AGENDA REPORT

DATE: March 1, 2024

AGENDA OF: March 7, 2024

ITEM NO: **CP23-0106** **1129 Mission Street**

---

**RECOMMENDATION:** **That the Planning Commission consider the information provided and make a determination to approve or deny the application based on one of the attached resolutions and findings provided.**

---

## **PROJECT DATA:**

Property Owner: Gary and Valerie Benito Trust  
Applicant: Bryce Berryessa

APN: 006-493-27

Application Type: Administrative Use Permit to establish a cannabis retail facility on a parcel in the MU-M (Mixed-Use Medium Density) zone district and within the Mission Street Urban Design Plan.

Zoning: MU-M (Mixed-Use Medium Density)  
Project Consistency: Consistent with approval of permits

General Plan: Mixed-Use Medium Density (MXMD)  
Project Consistency: Consistent with the General Plan designation and Mission Street Urban Design Plan with approval of permits

Land Use - existing: Vacant, former retail bakery  
- proposed: Cannabis retail facility and retail bakery  
- in area: Commercial retail, Restaurants, Office, Single-family residential

Lot Area: 0.298 acres (12,981 square feet)

Coastal Review: No Coastal Permit Required (location is outside the Coastal Zone)

Environmental Determination: Categorical exemption 15301, existing facilities

Planning Staff: Ryan Bane, Senior Planner

## AGENDA REPORT

PC Meeting of March 7, 2024

**SUBJECT: 1129 Mission Street – Project No. CP23-0106**

Page 2 of 20

### **PROJECT DESCRIPTION/BACKGROUND**

This is a proposal to open a cannabis retail outlet within an existing commercial building located on the northeast corner of Mission Street and Laurel Street in the MU-M zone district. The building was occupied by *Emily's Bakery* for many years, and the 2,878 square foot building is being proposed to be split into two commercial spaces, including 1,000 square feet for *Emily's* kitchen and café and 1,878 square feet for a new cannabis retail store (*The Hook Santa Cruz*). Section 24.10.802(1)(c) of the Zoning Ordinance allows cannabis retail sales in the MU-M zone district with approval of an Administrative Use Permit (AUP) and subject to Part 14 (Commercial Medical and Adult Use Cannabis Regulations) of Section 24.12 of the Santa Cruz Municipal Code. Zoning Code Section 24.12.1320(5) allows cannabis retail sales with approval of an AUP, a city cannabis retailer license, and the obtaining of a state cannabis retailer or nonprofit license. It should be noted that while this Zoning Code Section 24.12.1320(5) references the CC (Community Commercial) zone district, this property was recently rezoned to MU-M, which also permits cannabis retail sales with the approval of an AUP pursuant to the aforementioned Section 24.10.802(1)(c). Cannabis retail sales shall not be located within six hundred feet, as measured from the property lines, from any school, day care center, or youth center. The proposed cannabis retail site meets all of the above-mentioned setbacks, as well as the City's additional setback requirement of 600 feet from any other cannabis retail site. The use of a portion of the building for *Emily's* kitchen and café is not a part of this proposal.

The adult use of recreational marijuana was approved by the citizens of California in 2016 through the passage of the Control, Regulate and Tax Adult Use of Marijuana Act (AUMA) and was updated in 2017 by Senate Bill 94 and Assembly Bill 133. The result is a State-wide comprehensive set of regulations for the use of both medical and recreational cannabis.

The Santa Cruz City Council unanimously approved Resolution No. NS-29,333 on November 14, 2017, incorporating Chapter 6.90 (Cannabis Retailer licenses) as well as amendments to Section 24.10 of the Zoning Ordinance to regulate the commercial, medical and adult use of cannabis. The ordinance amendments became effective on December 28, 2017. The approved regulations incorporate all of the State legislation and are intended to provide a path to allow the legal retail sales of commercial cannabis while protecting the community from negative impacts of such sales. The use of both medical and recreational cannabis is consistent with the will of the majority of citizens in Santa Cruz, based on voting records for AUMA, which found that countywide, 70% of the nearly 128,000 votes tallied supported marijuana legalization.

The applicant recently applied for a transfer of one of the five Cannabis Retail Licenses available within the City. That license transfer has been approved by the City, with final administrative steps being completed to transfer the license from *WAMM (Wo/Men's Alliance for Medical Marijuana) Phytotherapies* (<https://wammphytotherapies.org/about>) to the current applicant (*The Hook Santa Cruz*, <https://www.hookoutlet.com/>). *WAMM Phytotherapies* is committed to compassionate care and community support. The organization is dedicated to offering therapeutic-quality, regeneratively-grown cannabis products that are both accessible and affordable, reflecting a deep-rooted commitment to health, wellness, and holistic care for individuals with serious illnesses. *The*

## AGENDA REPORT

PC Meeting of March 7, 2024

**SUBJECT: 1129 Mission Street – Project No. CP23-0106**

Page 3 of 20

*Hook* will have a partnership with *WAMM* to ensure that affordable cannabis reaches community members in dire need. The collaboration with *WAMM* will ensure that a segment of the sales goes towards providing free or sliding-scale cannabis to low-income patients suffering from severe medical conditions like cancer, AIDS, MS, and epilepsy. *WAMM* has been providing this service to those in need for decades. The license is not restricted to any specific location, thus the request for the subject AUP approval at this location.

### ANALYSIS

***Project Site and Surroundings.*** The 0.298 acres (12,987 square feet) project site consists of a parcel located on the northeast corner of Mission and Laurel Street. Commercial uses surround the site, with the exception of residential uses directly to the east.



The existing one-story 2,878 square foot building was originally developed as a service station but was converted to retail space in 1978. The site has had several retail related uses over the years, including a vegetable/produce store, a deli/fish market, a plant nursery, and most recently a bakery. No exterior alterations to the structure are proposed, with the exception of new signage that will

## AGENDA REPORT

PC Meeting of March 7, 2024

**SUBJECT: 1129 Mission Street – Project No. CP23-0106**

Page 4 of 20

be reviewed at the staff level. Interior improvements include new interior walls to separate the two retail spaces and to establish an inventory storage room, office, break room, record storage/video surveillance room, and the retail show room. The parking lot configuration would remain unchanged.

***Consistency with the General Plan.*** The subject parcel has a Mixed-Use Medium Density (MXMD) General Plan designation. This designation applies to sites along the Mission Street corridor between Swift and Laurel Streets. The General Plan states that in MXMD designations, “the typical commercial uses are similar to those in the Community Commercial (CM) designation, and pedestrian-oriented commercial uses are encouraged on the ground floor.” For reference, the CM designation calls for “businesses that serve the general needs of the community, including retail, service, and office establishments. Typical uses in these areas include restaurants, grocery stores, furniture stores, general merchandise, medical and legal offices, and auto parts stores, as well as mixed-use projects that include these commercial uses on the ground floor.” The proposed use is consistent with the policies of the General Plan, including the following:

- **LU3.2.1** – Pursue the expansion of employment-intensive uses that have long-term economic viability.
- **ED1.1.1** – Encourage the development of diverse, innovative, and sustainable business enterprises that reinforce Santa Cruz’s position as a regional employment, cultural, visitor, and shopping center.
- **ED1.1.2** – Support the development and expansion of businesses that make a balanced contribution to the cultural, environmental, and economic health of the city.
- **ED1.1.3** – Encourage the development of year-round businesses and visitor activities, resources, and destinations that can also attract and engage local residents.
- **ED1.1.5** – Encourage additional commercial businesses that support and enhance creative industries and lifestyles, such as marine, retail, visitor, and recreational activities and services.
- **ED1.9.1** – Promote and develop clean, visually inviting, and safe shopping environments.
- **ED2.1** – Foster a robust and diversified economic and municipal tax revenue base.
- **ED2.1.1** – Recruit new and support existing businesses that generate substantial municipal revenue.
- **ED2.1.2** – Maintain and expand retail sales tax opportunities within the city.
- **ED2.2.3** – Support local and environmentally sound vendors.
- **ED2.2.4** – Encourage businesses to provide for easy consumer identification of locally produced and environmentally sound goods.
- **ED4.3.3** – Encourage the expansion and attraction of commercial businesses and industries that create stable, year-round, livable wage jobs with maximum health benefits.
- **ED5.2.1** – Encourage neighborhood shopping in nodes of commercial development that serve residential areas and have adequate transit, pedestrian, and bicycle access.
- **ED6.1.1** – Support the establishment of industries and “lifestyle businesses” that draw on Santa Cruz’s natural assets and environment.
- **ED6.2.1** – Support commercial projects that demonstrate a public benefit.
- **ED6.3** – Foster and retain locally owned businesses and start-ups.



## AGENDA REPORT

PC Meeting of March 7, 2024

**SUBJECT: 1129 Mission Street – Project No. CP23-0106**

Page 5 of 20

- **ED6.3.1** – Assist small businesses and small-scale, low-impact, start-up uses in navigating the City’s permit process, and expedite project review.

The cannabis industry in Santa Cruz as a whole (manufacturing, distribution, labs, retail) benefits the general public by providing additional high-quality jobs within the City, including scientists and other technical positions. *The Hook* would be one of two cannabis retail stores that serve the westside neighborhoods, as well as visitors to the City. As noted above, the Land Use Element and the Economic Development Element of the City of Santa Cruz 2030 General Plan list goals and policies that support the proposed use at this location.

That said, the General Plan’s Guiding Principles express the city’s “commitment to education through our schools, educational systems and programs.” The Santa Cruz City School District has expressed concerns about the proposed business due to its proximity to and students’ respective routes to and from Santa Cruz High School and Mission Hill Middle School. Opponents to the proposed use indicate that the normalization of cannabis use due to repeated exposure to business patrons and signage or the easy access to the dispensary (for example, for those with fake identification) could result in increased use of cannabis among students, and such use would have implications on children’s health and development due to the detrimental effects of THC on adolescent’s brains, including heightened risks of anxiety, depression, and psychosis. More information on that issue is provided later in this report.

While the proposed use is consistent with a number of General Plan policies as stated above, project opponents would suggest General Plan inconsistencies with policies such as:

- **CC7.4** - Enhance programs designed to reinforce positive juvenile behavior and prevent delinquency.
- **CC7.4.3** - Work with Santa Cruz City Schools and private schools to provide drug prevention.
- **CC8.4.1** - Implement the Safe Routes to School program where funded.

It could be argued that establishment of a cannabis dispensary in the general vicinity of schools is inconsistent with these policies, tempting juveniles into bad behavior (i.e., acquiring fake identification (IDs)) and normalizing the use of cannabis through exposure to the facility along the route to school.

***Consistency with the Mission Street Urban Design Plan.*** The project site is located within the Mission Street Urban Design Plan (MSUDP) which encourages retail uses such as this. The community’s vision is to re-establish Mission Street as a vibrant commercial corridor that recognizes and carefully balances its functions as both a State Highway and local-serving commercial street. As noted in the MSUDP, the corridor should maintain a predominantly commercial mixed-use character. The uses that are considered most appropriate for the Mission Street district will:

- Provide goods and services that cater to the daily needs of the local community;
- Provide visitor-serving services that are dependent on highway visibility/frontage;

## AGENDA REPORT

PC Meeting of March 7, 2024

**SUBJECT: 1129 Mission Street – Project No. CP23-0106**

Page 6 of 20

- Are compatible with the creation of an attractive, pedestrian-friendly commercial district;
- Are not primarily auto-oriented; and
- Are not industrial or manufacturing in nature.

The intent is to create a corridor that is safe, attractive, economically and socially vibrant, which in turn will improve the quality of life for Westside residents.

The project site is within the “Westside Zone” area of the *Mission Street Urban Design Plan*. The Westside Zone, which extends from (both sides of) Laurel Street to Swift Street, includes predominantly retail and service type uses with scattered residential, office, and institutional uses. The project meets the objectives of the Westside Zone by way of establishment of a retail use for both residents and visitors. The project also meets the following areawide land use and redevelopment strategy plan objectives and policies:

- **Objective 4:** To enhance economic and social vitality of the Mission Street corridor by creating a more stable and sustainable mix of uses that serve both community and visitor needs.
- **Policy 4b** – Establish the Mission Street corridor as an attractive pedestrian-oriented, mixed-use district.
- **Policy 4c** – Encourage “mixed-use” development and “local-serving” commercial uses as a means of reducing automobile use within the planning area. Development of complementary uses (retail and office, retail and housing, office and housing) in proximity to each other allows residents, employees, and visitors to walk and/or bicycle when undertaking many of the typical daily trips, whether it is going to lunch, running errands, or going out for the evening.
- **Objective 5:** Promote the revitalization and redevelopment of existing outdated, underutilized, or marginal uses or businesses in order to enhance the economic potential of the area as a whole.
- **Policy 5c** – Encourage redevelopment and infill development along Mission Street that will improve the corridor’s economic vitality, enhance the definition and character of the corridor, and create better pedestrian scale and orientation.

Mission Street is a commercial corridor providing commercial services to local residents as well as tourists. The site is adjacent to offices, restaurants and other commercial services. The central location of this site will provide convenient access to purchase legal cannabis to west side residents of Santa Cruz. Santa Cruz is a destination for tourism, and a cannabis retailer in this visible location would attract more consumers travelling on Highway 1 to the adult-use market. The project site is positioned to take advantage of the existing heavy tourist traffic on Mission Street.

### ***Consistency with the Zoning Ordinance.***

***Parking.*** Section 24.12.240 of the Zoning Ordinance regulates parking, and a typical retail use requires one space for every 250 square feet of floor area. Based on a 2,878 square foot space, the

## AGENDA REPORT

PC Meeting of March 7, 2024

**SUBJECT: 1129 Mission Street – Project No. CP23-0106**

Page 7 of 20

proposed uses would normally require 12 spaces. The plans indicate 14 spaces on the parcel, exceeding what would be the required number of parking spaces for the use.

With that being said, California Government Code Section 65863.2 (AB2097), effective on January 1, 2023, prohibits local jurisdictions from imposing minimum automobile parking requirements on most development projects located within a half-mile radius of a major transit stop, which includes the subject site. The City has adopted Zoning Code regulations that effectuate Section 65863.2, so no parking is required on the site pursuant to state and local laws. Although Section 65863.2 would exempt the project from provision of any vehicular parking, the 14 existing spaces will remain available to customers.

In regard to bike parking, Section 24.12.250 of the Zoning Code requires one Class 1 bike parking space and two Class 2 bike parking spaces for the 2,878 square foot retail building. One Class 1 space is proposed within the building, with the two Class 2 spaces located in the parking lot.

**Retail Use.** The proposed retail cannabis use would be conducted entirely within an existing commercial building. The proposed hours are from 9:00 a.m. to 9:00 p.m., however the use would be permitted to operate between 7:00 a.m. and 10:00 p.m., in accordance with section 24.12.1340(3) of the Zoning Ordinance. *The Hook Santa Cruz* would employ up to ten individuals total on-site and anticipates up to three commercial vehicles entering and existing the site per day. Deliveries would occur between 8:30 a.m. and 3:00 p.m. Monday through Friday, with commercial vehicles being delivery vans that do not exceed 20-feet in length.

The business would provide labeled packaged products and sell them directly to consumers of both the medical and adult-use markets. No cannabis products would be visible from the exterior of the store, and customers would leave the building with products in opaque packaging. Signage would be approved under a separate Design Permit, consistent with Section 24.12.1340 of the Zoning Ordinance regarding size, lighting, and placement. Cannabis refuse would be minimal and would be stored in a secured area. Facility waste would not contain cannabis products, and daily security checks would ensure the waste area remains clean with trash secured in garbage bins.

**Security.** The applicant is proposing a secure facility and has provided a detailed security plan (Attachment 4) that meets the requirements of the State of California and City of Santa Cruz rules and regulations. The plan includes perimeter security, lighting, and video surveillance. These measures include installing ample physical barriers such as security gates and high-security steel exterior doors and a specially designed inventory room protected by additional high-security steel doors and anti-theft and entrance measures. All entrances to the facility would be secured or barred at all times during non-operating hours.

To enhance security further, an integrated camera and alarm system from *Verkada* would be installed that combines artificial intelligence with live human monitoring to provide real-time threat detection and ensure swift communication with management and law enforcement in the event of a security breach. Additionally, exterior cameras would be equipped with license plate readers, with remote access to these systems available to SCPD upon request or as needed. The Santa Cruz Police Department has reviewed and accepted the security plan. Conditions of

AGENDA REPORT

PC Meeting of March 7, 2024

**SUBJECT: 1129 Mission Street – Project No. CP23-0106**

Page 8 of 20

Approval indicate that the applicant shall adhere to the security plan as reviewed and accepted by the Police Department.

***Performance Standards.*** Zoning Code Section 24.12.1340 establishes performance standards that all commercial cannabis businesses are required to meet for the duration of the use. The standards regulate criteria such as security, noise, and odor. The following describes how the proposed use meets the required performance standards:

- 1. The business shall meet all the operating criteria, including security procedures, for the cultivation, distribution and warehousing, manufacturing, testing, and retail sales of cannabis and cannabis products as may be required by the state of California, the Santa Cruz city council and police department, and/or the county health department or their designee.**

*The Hook Santa Cruz* would meet all operating criteria for retail sales of cannabis and cannabis products as required by the state of California, the City of Santa Cruz, and/or the county health department or their designee.

- 2. No product shall be smoked, ingested, or otherwise consumed on the premises.**

*The Hook Santa Cruz* prohibits and would enforce company policy that no products be smoked, ingested, or otherwise consumed on the premises.

- 3. The hours of operation shall be limited to no more than 7:00 a.m. to 10:00 p.m., dependent upon the specific site characteristics and conditions of approval of the administrative use permit issued for the site. All cannabis retailer businesses holding an administrative use permit prior to October 13, 2020, are allowed to operate and be open to the public until 10:00 p.m. despite the operating hours stated in their original administrative use permit conditions of approval that limit the business to an earlier closure. In general, no cannabis retail business shall open earlier or close later than the other businesses in the vicinity.**

*The Hook Santa Cruz* anticipates hours of operation to be 9:00 a.m. to 9:00 p.m. Monday through Friday. At no time would *The Hook Santa Cruz* operate outside the 7:00 a.m. to 10:00 p.m. limitation stated in the code.

- 4. The business shall prevent loitering by persons outside the establishment, either on the premises or within fifty feet of the premises.**

*The Hook Santa Cruz* would prevent loitering by persons outside the establishment, either on the premises or within fifty feet of the premises. *The Hook Santa Cruz* security team, management, and employees are trained to spot, report and resolve any nuisances including loitering.



AGENDA REPORT

PC Meeting of March 7, 2024

**SUBJECT: 1129 Mission Street – Project No. CP23-0106**

Page 9 of 20

- 5. A cannabis retail business shall provide litter removal services each day of operation on and in front of the premises and, if necessary, on public sidewalks within fifty feet of the premises.**

*The Hook Santa Cruz* would provide litter removal services each day of operation on and in front of the premises and, if necessary, on public sidewalks within fifty feet of the premises. The security team, management, and employees are trained to spot, report and resolve any litter or debris issues daily.

- 6. Cannabis businesses shall contain an air filtration system to regulate odor.**

*The Hook Santa Cruz* utilizes an air filtration system and employs an odor management plan. The security team, management, and employees are trained to spot, report and resolve any odor management issues, including regular maintenance of filtration systems.

The business has a full and robust odor control policy. As of 2018, no cannabis products come into the facility that are not already packaged in state-approved opaque child-resistant packaging. This change in regulations has virtually eliminated all issues of cannabis odors at dispensary facilities, as no cannabis is opened, packaged, consumed, or otherwise available when not in pre-packaged form onsite.

The business would install, maintain, and use *REME* hydro ionization systems to eliminate odors occurring in and leaving the property. Such systems would be independently tested, and the business would take all necessary steps to prevent odors from leaving the property.

- 7. All exhaust fans directing air outside shall be secured to prevent forced entry to the facility.**

*The Hook Santa Cruz* would provide adequate security on the premises to ensure the safety of persons and to protect the premises from theft. Security would meet the requirements of state law for cannabis businesses, as well as any additional requirements included as conditions of approval for the Administrative Use Permit.

- 8. The business shall provide adequate security on the premises to ensure the safety of persons and to protect the premises from theft. All security shall, at a minimum, meet the requirements of state law for cannabis businesses as well as any additional requirements included as conditions of approval for the site use permit. Minimum city security requirements include:**

- a. Security alarms for the building that include motion activation and manual activation capabilities;**

*The Hook Santa Cruz* would install security alarms for the building that include motion activation and manual activation capabilities;

AGENDA REPORT

PC Meeting of March 7, 2024

**SUBJECT: 1129 Mission Street – Project No. CP23-0106**

Page 10 of 20

**b. Exterior security lights that provide three-hundred-sixty-degree coverage around the perimeter of all buildings while meeting the performance standards in the zoning Ordinance;**

*The Hook Santa Cruz* would install, and or upgrade existing exterior security lights that provide three-hundred-sixty-degree coverage around the perimeter of all buildings while meeting the performance standards in the zoning ordinance.

**c. Exterior security cameras that provide three-hundred-sixty-degree coverage around the perimeter of all egress and ingress into the building. The security camera system shall have the capability to provide the recordings to police within twenty-four hours;**

*The Hook Santa Cruz* would install exterior security cameras that provide 360-degree coverage around the perimeter of all egress and ingress into the building. The security camera system shall have the capability to provide the recordings to police within 24-hours;

**d. Interior cameras within the business itself that cover the doors, windows, and the sales counter area of the business;**

*The Hook Santa Cruz* would install interior cameras within the business itself that cover the doors, windows, and the sales counter area of the business;

**e. Doors leading into the vestibules and all rooms used for growing and processing (drying) cannabis must be steel and have a bolt lock or key pad lock;**

*The Hook Santa Cruz* would install and or upgrade existing locks doors and security measures pursuant to retail operations. The use does not grow or process (drying) cannabis.

**f. Fire-Rating. All rooms used for growing and processing shall be fire-rated, with solid core doors, and shall remain locked;**

The use would not grow or process (drying) cannabis.

**g. Security Doors and Windows. All doors and windows shall be fortified and levered windows replaced with solid windows that have a security coating to prevent illegal entry;**

*The Hook Santa Cruz* would fortify all windows where required. The building has solid windows, no levered windows.

**h. Onsite Security Theft Prevention. Cannabis retail businesses that are open to the public shall provide an on-site security guard during business hours and adequate security on the premises, including lighting and alarms, to ensure the safety of persons and to protect the premises from theft. All security procedures and systems shall be**

**reviewed and approved by the police department.**

*The Hook Santa Cruz* would be open to the public and would provide an on-site security guard during business hours and adequate security on the premises, including lighting and alarms, to ensure the safety of persons and to protect the premises from theft. All security procedures and systems have been submitted for review by the City of Santa Cruz Police Department.

- 9. Exterior lighting of the parking area shall be kept at a sufficient intensity so as to provide adequate lighting for patrons and employees, while not disturbing surrounding residential or commercial areas.**

Exterior lighting would be provided in the parking area and would be required to be shielded so as to not create glare or disturb neighboring properties.

- 10. All signage and advertising shall comply with the state of California Business and Professions Code Sections 26150 through 26155 and any modifications or relocations of these code sections. In addition, any form of advertisement or signage that includes pricing of cannabis and cannabis products, details related to specific cannabis products, or photography or graphics of the cannabis plant or cannabis products is prohibited except on a dedicated business website accessible only through an age gate portal. Other than the above-noted restrictions related to pricing, specific cannabis products, photography, and graphics, signage shall be regulated by Part 4, Advertising Devices, Signs and Billboards, of this chapter, Community Design. The above-noted restrictions related to pricing, specific cannabis products, photography, and graphics apply to consumer advertising and signage and do not apply to direct, business-to-business advertising that is not available to the general public.**

*The Hook Santa Cruz* would ensure all signage and advertising complies with the state of California Business and Professions Code Sections 26150 through 26155 and any modifications or relocations of these code sections. The business would refrain from any form of advertisement or signage that includes pricing of cannabis and cannabis products, details related to specific cannabis products, or photography or graphics of the cannabis plant or cannabis products is prohibited except on a dedicated business website accessible only through an age gate portal. All signage would adhere to Part 4, Advertising Devices, Signs and Billboards, of the City of Santa Cruz Zoning Ordinance.

- 11. The business shall provide the zoning administrator, the chief of police, and all neighbors located within fifty feet of the establishment with the name, phone number, and facsimile number of an on-site community relations staff person to whom notice can be provided if there are operating problems associated with the establishment. The business shall make every good faith effort to encourage neighbors to call this person to try to solve operating problems, if any, before any calls or complaints are made to the police department or the zoning administrator.**

AGENDA REPORT

PC Meeting of March 7, 2024

**SUBJECT: 1129 Mission Street – Project No. CP23-0106**

Page 12 of 20

*The Hook Santa Cruz* would provide the zoning administrator, the chief of police, and all neighbors located within fifty feet of the establishment with the name, phone number, and email address of an on-site community relations staff person to whom notice can be provided if there are operating problems associated with the establishment. A good faith effort would be made to encourage neighbors to call the representative to solve operating problems, if any, before any calls or complaints are made to the Police or Planning Departments.

- 12. The business shall post a copy of the conditions of approval for the administrative use permit on the premises in a place where it may be readily viewed by any member of the general public. A copy of the city cannabis retailer license (for retail businesses) and the state cannabis license (for all cannabis businesses) shall also be posted in a prominent position on the premises.**

*The Hook Santa Cruz* would post a copy of the conditions of approval for the administrative use permit on the premises in a place where it may be readily viewed by any member of the general public. A copy of the city cannabis retailer license (for retail businesses) and the state cannabis license (for all cannabis businesses) shall also be posted in a prominent position on the premises.

- 13. The business shall meet any specific additional operating procedures and measures as may be imposed as conditions of approval by the zoning administrator at the time of issuance of the administrative use permit in order to ensure that the business will be a good neighbor.**

*The Hook Santa Cruz* would meet any specific additional operating procedures and measures as may be imposed as conditions of approval by the Planning Commission at the time of issuance of the administrative use permit in order to ensure that the business will be a good neighbor.

- 14. In addition to the required application materials, the business shall submit an operations manual to describe the operation of the facility in conformance with these performance standards and the requirements of state law. The operations manual shall be consistent with the operations plan submitted to the state in the business's state license application.**

*The Hook Santa Cruz* has prepared an operations manual to describe the operation of the facility in conformance with these performance standards and the requirements of state law. The operations manual is consistent with the operations plan submitted to the state for the state license application.

- 15. To offset power consumption, the business shall install solar panels to provide as much power as possible for the indoor cultivation and manufacturing of cannabis and cannabis products. Businesses that can demonstrate low power usage or that use power from clean energy sources may be excused from this requirement. Commercial cannabis businesses shall meet the city's green building requirements.**

AGENDA REPORT

PC Meeting of March 7, 2024

**SUBJECT: 1129 Mission Street – Project No. CP23-0106**

Page 13 of 20

The proposed use would not engage in indoor cultivation and manufacturing of cannabis and cannabis products. The new business would meet the city’s green building requirements as applicable.

**16. Trash containing cannabis and cannabis products or byproducts shall be disposed of securely. The business owner shall work with the police department and the city’s waste/recycling program to create a process for safe and secure disposal of waste materials.**

*The Hook Santa Cruz* would ensure trash containing cannabis and cannabis products or byproducts are disposed of securely. The business would work with the police department and the city’s waste/recycling program to create a process for safe and secure disposal of waste materials. Trash, recycling, and compost are stored in a secured area and removed by the waste management company. Facility waste would never contain cannabis products. Daily security checks would ensure the waste area remains clean with trash secured in garbage bins.

**17. A cannabis business is not allowed as an accessory use to any other principal, special, or conditional use. All cannabis businesses are subject to the applicable administrative use permit and cannabis retailer license requirements.**

The use would not operate as an accessory use to any other principal, special, or conditional use and would abide by, submit and operate under all applicable administrative use permit and cannabis retailer license requirements.

**18. A cannabis business shall not be operated as a home occupation.**

The use is being proposed at a commercial location and would not operate as a home occupation.

***Siting Criteria.*** Section 24.12.1320(5) of the Zoning Ordinance requires that cannabis retail sales facilities maintain a 600-foot buffer from schools, parks, day care centers, and youth centers. In addition, no new retail sales facility can be located within 600 feet from an existing cannabis retail sales facility. Zoning Ordinance Section 12.12.1330 allows for exceptions to the 600-foot separations when certain findings are made. However, no such exceptions are being requested. The proposed project meets all of the specified setback requirements, including maintaining a distance of approximately 850 feet from Santa Cruz High School and approximately 1,360 feet from Mission Hill Middle School.

Looking back at the origins of the 600-foot buffer zone, staff found that it originated well before the State of California approved Proposition 64, the “Control, Regulate and Tax Adult Use of Marijuana Act” (AUMA) which legalized the recreational use of marijuana within the State in November of 2016. In 1996 California voters passed Proposition 215, the “Compassionate Use Act of 1996.” This act provided for the regulation of medical marijuana. The City’s earlier medical marijuana ordinance, originally approved in 2000, went through an extensive ordinance amendment process in 2010. Those revisions restricted the cultivation, production, acquisition,



## AGENDA REPORT

PC Meeting of March 7, 2024

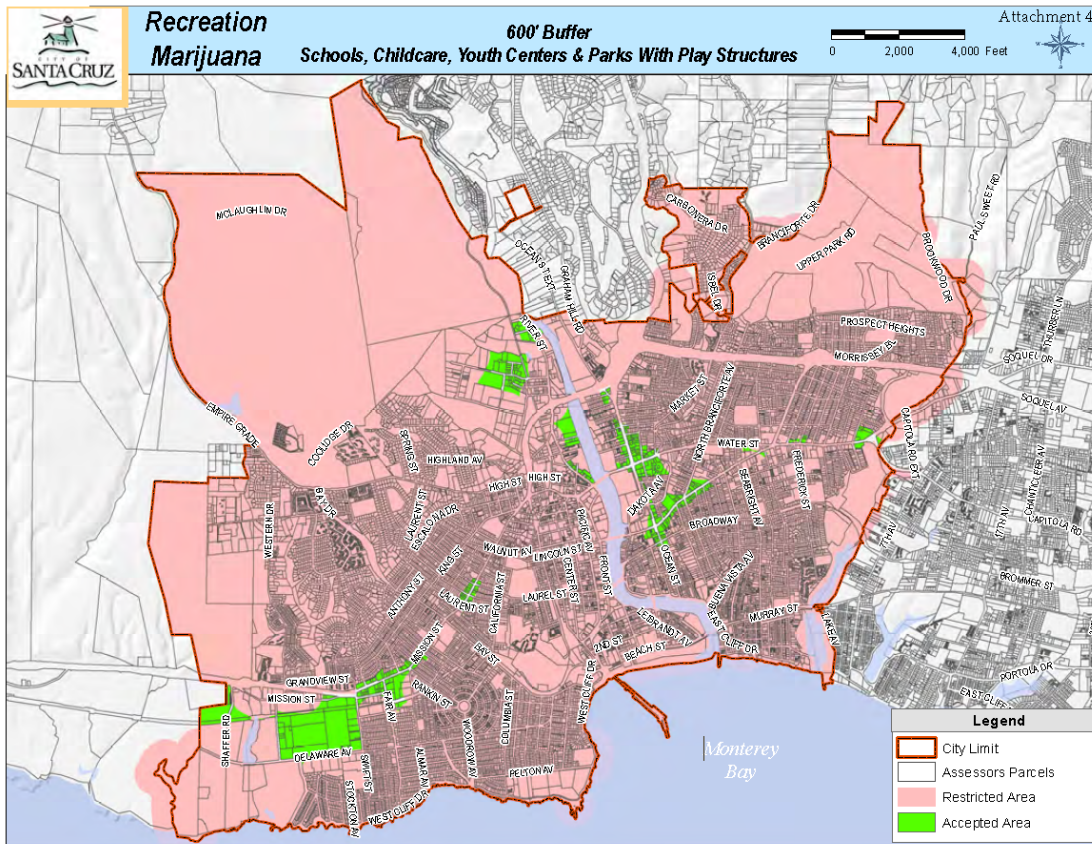
**SUBJECT: 1129 Mission Street – Project No. CP23-0106**

Page 14 of 20

and dispensing of medical marijuana to within an approved dispensary and at the same time limited the number of dispensaries within the City to a maximum of two. The original siting criteria included a 600-foot setback from any residential zoning district, any other medical marijuana dispensary, any public or private school, a public park with a children's playground, an alcohol or drug recovery or treatment facility, or any residential facility providing mental health/social rehabilitation services. That original siting criteria restricted where medical marijuana dispensaries could locate to a small section of the Harvey West industrial area and another small section in the west side industrial area.

Following the approval of AUMA, the city began the process of adopting a new cannabis ordinance in 2017. In discussions with City departments including the Santa Cruz Police Department (SCPD), the Economic Development Department, the Finance Department, the Public Works Department, the City Manager's Office, and the City Attorney's Office, several suggestions for regulation of recreational marijuana emerged. State law required a 600-foot buffer, and SCPD suggested that recreational marijuana retail businesses be treated similarly to tobacco businesses, which require a 600-foot buffer from high-risk alcohol outlets (primarily bars and liquor stores). SCPD also recommended that cannabis retail outlets be spread throughout the City rather than concentrated in specific areas. After reviewing a map with these restrictions and discussing the issue with other departments, it was determined that the 600-foot buffer between marijuana outlets would resolve these issues. In November of 2017, the City Council adopted the new ordinance, establishing the 600-foot buffer and limited the number of retail establishments to five.

The following map indicates the locations within the City that meet AUMA locational restrictions as well as proposed zoning district restrictions (but the map does not include the buffering requirement from other cannabis retailers):



As the map shows, these restrictions result in a limited number of locations throughout the City where retail outlets would be allowed. The map is also available online at [www.cityofsantacruz.com/government/city-departments/planning-and-community-development/planning-division/cannabis-license-regulations](http://www.cityofsantacruz.com/government/city-departments/planning-and-community-development/planning-division/cannabis-license-regulations), where users can zoom in to more readily view individual parcels.

**Administrative Use Permit.** Cannabis retail sales are permitted in the MU-M zone district with the approval of an Administrative Use Permit (AUP). Zoning Code Section 24.12.1350 establishes findings to be determined by the appropriate hearing body in order to approve an AUP for a cannabis use:

1. *The proposed use complies with all of the mandatory requirements of this section and other applicable sections of this code and applicable policies of the General Plan and local coastal program if located within the Coastal Zone;*
2. *The proposed use will not adversely affect the health, safety, or welfare of area residents, businesses, or uses; will not result in an undue concentration of cannabis businesses in any one neighborhood or district; and will not be located within proximity of an incompatible use, such as a children's school, daycare facility, or youth center;*

AGENDA REPORT

PC Meeting of March 7, 2024

**SUBJECT: 1129 Mission Street – Project No. CP23-0106**

Page 16 of 20

3. *The operational characteristics of the proposed use, including but not limited to hours of operation, noise, odor, amount and location of parking, signage, loitering, and litter, will not have a negative impact upon the surrounding area;*
4. *The proposed use is compatible with the sizes and types of other neighboring uses in the surrounding area, particularly those used primarily by persons under the age of eighteen;*
5. *The proposed use is not located in what has been determined by the Santa Cruz police department to be a high-crime area, where a disproportionate number of police service calls occur, or where there is currently parking congestion; and*
6. *The proposed use shall meet all the building, electrical, and fire code requirements for such occupancy.*

Upon the review of these findings, staff found that they can be made based on the information provided by the applicant and the proposed retail use meeting the required Zoning Code requirements as discussed above. Concerns have been expressed by the Santa Cruz School District over the location of the proposed use and its proximity to Santa Cruz High School and Mission Hill Middle School, raising the question as to whether the application meets the intent of finding number two regarding the cannabis retail use being “located within proximity of an incompatible use, such as a children’s school, daycare facility, or youth center.” While the use meets the objective standard of a minimum 600-foot buffer from said schools, daycare facilities and youth centers, the question arises as to whether the cannabis retail use could be considered “within proximity” and “adversely affect the health, safety, or welfare” of proximate uses, namely students at the high school or middle school. A similar argument could be made for finding four, which speaks to the use being compatible with “other neighboring uses in the surrounding area, particularly those used primarily by persons under the age of eighteen.” These findings are more subjective than the strict separation requirements, hence the AUP being a discretionary decision by a hearing body.

As discussed above and demonstrated on the 600-foot buffer map, the number of locations available for cannabis retail uses is limited. The 600-foot buffer zone was thoroughly discussed as part of the cannabis ordinance adoption process, with input from SCPD, the public, and the City Council. SCPD reviewed both the cannabis retail license transfer as well as the subject AUP application. With the project outside of the buffer zone and the stringent ID requirements for adults 21 years old and older, SCPD did not express any concerns with the proposed location. Additionally, as part of the review of this application SCPD researched their records for the other cannabis retail outlets in the city and found no complaints or service calls for cannabis sales to minors. Based on these facts, it could be argued that the proposed retail use does not qualify as “within proximity” of a school and that it would not “adversely affect the health, safety, or welfare” of students. It could also appear to be unfair to the applicant for the city to “move the goal posts,” so to speak, claiming the established 600-foot buffer to be insufficient.

Many concerns about the proposed use at this location have been expressed by the Santa Cruz School District and parents of Santa Cruz High and Mission Hill Middle School students, and

## AGENDA REPORT

PC Meeting of March 7, 2024

**SUBJECT: 1129 Mission Street – Project No. CP23-0106**

Page 17 of 20

those concerns are understandable. A number of students from both schools walk and bike by this location each day, with the signalized intersection of Laurel and Mission Streets serving as one of the two primary locations where students cross Mission Street (the other being three blocks away at Walnut Avenue), and the presence of a dispensary could be conveyed as normalizing cannabis use. Additionally, it is not uncommon for underage individuals to obtain fake identification or medical cannabis cards, raising concerns about the potential for younger students to gain access to cannabis through fake identification or for students to acquire these cards and distribute cannabis to younger peers. In addition to providing a letter of opposition (Attachment 5) to the proposed application, the Superintendent of Santa Cruz City Schools has also included a number of articles (Attachment 6) on the impact of THC (a psychoactive ingredient in some cannabis products) on youth, the impact of dispensaries to schools, the acquiring of fake IDs, and relevant school data on marijuana use within the school district. Some of the key findings from those articles include:

- Marijuana use has been associated with several adverse mental health outcomes, including increased incidence of addiction and comorbid substance use, suicidality, and new-onset psychosis;
- Negative impacts on cognition and academic performance;
- Nine percent of youth in grades 9 to 12 use marijuana daily or nearly every day, an increase of 80% since 2008;
- Vaping marijuana by teens doubled between 2013 and 2020;
- Young adults who live in neighborhoods with a higher number of medical marijuana dispensaries use pot more frequently than their peers, with storefront signage being extremely influential;
- A Santa Cruz High School focus group notified the Superintendent that acquiring fake IDs is incredibly easy for students and that they are available to students from people in the community and easily accessible online; and
- Santa Cruz City School High School District reported 91 incidents that resulted in students being suspended for possession or use of a controlled substance during the school day during the 2022-2023 school year. 95% or more of these were for vaping marijuana.

To add to the discussion, the applicant has also provided data regarding the effects of marijuana on young people (psychosis, neurocognitive functioning) (Attachments 7) and the effectiveness of identification policies at cannabis outlets, assessing the ease of access to marijuana by underage patrons (Attachments 8). Some key findings from information provided by the applicant include:

- Contrary to concerns that cannabis could cause mental illness, regular marijuana use over two years did not trigger early onset of symptoms in teens and young adults at risk of developing psychotic disorders;
- Modest improvements in cognitive functioning and a decrease in the use of other medications was found among marijuana users (tracking 210 patients, aged 12-25, from an Early Detection and Intervention for the Prevention of Psychosis Program (EDEPPP) over two years);
- Continuous cannabis use was not associated with an increased rate of transitioning to psychosis, nor did it worsen clinical symptoms, functioning levels, or overall neurocognition;

## AGENDA REPORT

PC Meeting of March 7, 2024

**SUBJECT: 1129 Mission Street – Project No. CP23-0106**

Page 18 of 20

- Licensed recreational marijuana outlets in California are effective in preventing underage customers from accessing marijuana. This may be due to strong incentives for outlet owners and managers to comply with the law to avoid legal consequences; and
- Underage youth are not obtaining marijuana from licensed recreational outlets.

Other considerations that have arisen during the review of this application follow:

- While the general population must be 21 years old or older to purchase recreational cannabis, adults 18 years old and older who have a doctor's prescription for medical cannabis use can also legally purchase cannabis at retail stores. Anecdotes have pointed to ease of obtaining a medical cannabis card, which have raised concerns about 18-year-old high school students having legal access to cannabis products, which they could then distribute to others. To combat this concern, the applicant has voluntarily agreed to not sell cannabis to anyone under the age of 19 years, even if they have a valid medical cannabis prescription.
- The applicant has claimed that student's cannabis access is not from legal sources, noting that legal products can be traced. While it may be true that students are accessing cannabis through illegal sales or unpermitted distribution, it is also likely true that students would not necessarily maintain the original packaging of products purchased legally. Thus, it would not be easy to determine whether products possessed by students were initially acquired through legal retailers or not.

### **Health in all Policies (HiAP)**

HiAP is a collaborative approach to improving the health of all people by incorporating health considerations into decision-making across sectors and policy areas. HiAP is based on 3 pillars: equity, public health, and sustainability. The goal of HiAP is to ensure that all decision-makers are informed about the health, equity, and sustainability impacts of various policy options during the policy development process. The project supports the pillar of equity by providing a range of jobs that cater to diverse backgrounds, and by providing both medicinal and recreational cannabis to locals and visitors of all income levels. The proposed use is on a site that is improved with sidewalks and street trees and that is close to public transportation, commercial goods and services, and residential areas. A business in this central location encourages a sustainable and healthy lifestyle by promoting alternative forms of transportation, such as walking or biking for retail shopping needs. Additionally, the business will employ sustainable practices, including enrolling in the PG&E Solar Choice program, retrofitting all existing faucets in the building to enhance water conservation, and minimizing waste by separating all refuse into trash, recycling, and compost. The business will generate consistent Cannabis Business Tax which can be used to further HiAP objectives, including a portion of which that is dedicated to funding services and programs for those 25 years old and younger. Therefore, the project can be considered consistent with the three pillars of the HiAP.

In letters of opposition to the project, commenters suggested the use is inconsistent with HiAP policies. One could argue inconsistency with the HiAP health pillar based on the potential for the



AGENDA REPORT

PC Meeting of March 7, 2024

**SUBJECT: 1129 Mission Street – Project No. CP23-0106**

Page 19 of 20

location to normalize cannabis use, that such normalization could increase youth use, and on evidence presented that cannabis use negatively impacts developing brains of youth.

**ENVIRONMENTAL REVIEW**

The project is categorically exempt from environmental review under Class 1 of the CEQA Guidelines, Section 15301, which allows for minor alterations to existing facilities that result in negligible or no expansion of the existing use. The proposed project meets this exemption since it is proposing a specialty retail store within an existing commercial building previously used as a retail store, with no proposed expansion to the building.

None of the exceptions to the exemptions under Section 15300.2 apply to the project in that the project is not part of a larger project that could result in a cumulative impact, there are no unusual circumstances associated with the project or subject parcel, the project will not result in damage to resources associated with an officially designated scenic highway, the project site is not included on any lists compiled pursuant to Section 65962.5 of the Government Code related to Hazardous Waste Sites, and the project will not result in substantial adverse changes in the significance of a historical resource site.

**SUMMARY**

The proposed cannabis retail use meets all of the objective standards laid out in the City Zoning Code. That being said, subjective findings raise some questions as to the potential impacts the use could have on high school and middle school students given the proximity to the high school and the site’s location at a key Mission Street crossing. There are certainly merits to both arguments, and both sides present valid points. Hence, staff recommends that the Planning Commission consider the information provided and make a determination to approve or deny the application based on one of the resolutions provided. The attached approval resolution includes findings supporting the approval, coupled with conditions of approval. The attached denial resolution includes findings supporting a denial.

Submitted by:

Approved by:

Ryan Bane  
Senior Planner

Lee Butler  
Planning & Community Development Director

**Attachments:**

1. Resolution with findings and conditions of approval
2. Resolution with findings for denial
3. Project Plans
4. Operations Narrative/Security Plan

AGENDA REPORT

PC Meeting of March 7, 2024

**SUBJECT: 1129 Mission Street – Project No. CP23-0106**

Page 20 of 20

5. Opposition email from Kris Munro, SC City Schools Superintendent
6. Articles re: Impact of THC on Youth, Proximity of Dispensaries to Schools, Acquisition of Fake Identifications, and Santa Cruz City Schools Data
7. Article re: Cannabis Use, Psychosis, Cognitive Impairment
8. Article re: Youth Access to Licensed Dispensaries
9. Letter from the applicant dated February 28, 2024
10. Letter from the applicant RE: Move On Petition “Protect our Youth”
11. Correspondence