



**Hollywood Park Neighborhood Association**

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*A 501(c)(4) nonprofit association*

July 21, 2017

RE: 4701 24TH ST CONDITIONAL USE PERMIT - FILE NUMBER: Z17-063

Mr. Sites,

**Hollywood Park Neighborhood Association Board of Directors (HPNA Board) voted to support the conditional use permit (CUP). The support is contingent on conditions to the applicant and recommendations to the City of Sacramento.**

**The HPNA Board also wants to recognize that the majority of e-mail comments received were in opposition to the permit.** The top concerns are negative impacts on residential property values, distance from schools, and exposure of children to marijuana or endangerment of children. A summary of the e-mail comments, public meetings, and interactions with the applicants are provided at the end of this document.

The HPNA Board believes that the permit process combined with the regulations and requirements specific to this business address some of the opposition's concerns.

**The HPNA Board of Directors made the following considerations in the decision to support the conditional use permit:**

- Mr. David Carlson, part owner and manager of 4701 24<sup>th</sup> Street and Mr. Addison Moore, part owner of Paradigm Farms, both attended the June 21 Hollywood Park Neighborhood Association General Meeting. They both provided a presentation about the proposed permit and business operation at the location. Both Mr. Carlson and Mr. Moore answered questions and comments from the audience. Mr. Moore also attended and presented at the June 12 HPNA Board Meeting, and provided a tour of the location to Board Members on June 19<sup>th</sup>.
- Mr. Carlson is a part owner and manager of 4701 24<sup>th</sup> Street. His property ownership group manages approximately 325,000 sq. ft. of industrial warehouse property in Sacramento and Yolo counties. 70,000 sq. ft. of their space is under management in Hollywood Park's zip code (95822). The Property management office for Mr. Carlson's group is located a few blocks east of Hollywood Park on West Pacific and Sutterville Road. The group also maintains a warehouse property in adjacent Curtis Park where the well-known and successful Track 7 brewery is located.
- The HPNA Board considers that there is value in supporting a property owner and manager that is responsive and connected to the neighborhood, has a stake in ensuring his tenant runs a compliant business, and has local experience managing successful tenants.
- Mr. Moore stated to the HPNA Board and meeting attendees that the business will operate in a manner that is discreet and unadvertised to the public. It is set back from 24<sup>th</sup> Street by fencing and parking.

Signage will not advertise cannabis or that cannabis is kept at the facility. The business is closed to the public and to children with locked exterior doors.

- Security at the building will consist of security personnel onsite during operations along with additional 24 hour security monitoring. Mr. Moore said he also researching companies to provide additional overnight security patrol.
- The HPNA Board understands that Sacramento Police Department (Sac PD) reviews security measures under the permit, and the Board finds that the location's security requirements are more stringent than previous planning and development applications the Board has reviewed.
- Mr. Moore indicates that an air filtration system will be in operation to eliminate cannabis odors. The Board also understand this to be a term of compliance with the permit.
- The property is zoned as M1 light manufacturing. Mr. Carlson said that tenants at this location are supportive of the business since it will not impact yard space or generate vehicle traffic as much as a construction or automotive service businesses.
- Paradigm Farms ownership has a combined 25 years of experience cultivating marijuana. It plans to use energy efficient lighting and plans to pursue additional industry certifications for legal compliance and labor practices in the marijuana industry. Paradigm Farms intends to support other local business by hiring local security companies and purchasing local horticultural supplies.
- Mr. Moore agreed to HPNA concerns about cash on site, and agreed to secure and transport cash off site on a regular basis.
- The HPNA Board supports the opening and operation of accountable, compliant, communicative businesses in the neighborhood. Mr. Carlson and Mr. Moore's interactions and communications with HPNA and Hollywood Park residents indicate this is their intent.
- The HPNA Board considered that a legal marijuana cultivation business could hurt the neighborhood's image, but placed value on the fact that the business is not open to the public, and it will not operate in a manner that advertises its presence. The HPNA Board considers this business' impact on the neighborhood's image to be the same or less than those of other local businesses that publicly sell, produce or advertise alcohol, tobacco, or e-cigarettes.
- Illegal marijuana cultivation in the neighborhood concerns the HPNA Board due to possible criminal connections and potentially hazardous operations. The HPNA Board finds value in supporting a legal business for cultivation activity that can operate in an appropriately zoned property and in a manner regulated and overseen by the City of Sacramento.

**The HPNA Board recommended the following condition to the applicant, and the applicant has agreed:**

- Lease terms should specify cash on site at the business is secured. Cash on site should be stored and secured in accordance with what is considered industry standard for a business with a similar amount of cash inventory.

**Finally, the HPNA Board makes the following recommendations to the City of Sacramento and its staff:**

- HPNA recommends future conditional use permits are preceded by neighborhood outreach from city planners and the Office of Marijuana Policy and Enforcement. Neighborhood response indicates a need to educate residents on permit requirements and the City's codes and regulations. Many Hollywood

Park residents were under-informed about the permit process and marijuana business regulations or were otherwise fearful due to incorrect or the lack of information.

This conditional use permit review was highly controversial in Hollywood Park. The HPNA Board experienced emotional and hostile responses from some residents, resulting in arguments and confrontations at the HPNA general meeting, harassing e-mails and social media messages, and neighborhood opposition campaigning based on false or incorrect information about marijuana regulations and the CUP application process. As a result, HPNA has had to shift its volunteer resources away from normal activities to instead deal with issues related to the CUPs.

- The City of Sacramento should conduct extensive outreach and communication meetings in neighborhoods to explain how funds from a permit holder's Neighborhood Responsibility Plan will be applied to benefit that neighborhood.

The Office of Marijuana Policy informed stakeholders that Neighborhood Responsibility funds will be going towards unspecified neighborhood improvements and will depend on results of a nexus study, which could take up to a year to complete. The HPNA Board is disappointed that the Office of Marijuana Policy was unable to provide funding examples and could not clarify the city processes for neighborhood advocacy and oversight of Neighborhood Responsibility funds.

- HPNA recommends the city provide plans as to how it will increase staffing for city departments related to the enforcement of the city codes for marijuana businesses and the response to citizen complaints. The HPNA Board understands that these businesses will be regulated similarly to other permitted businesses; however, HPNA's experience with the city's code enforcement, nonemergency police and 311 reporting is that they are effective, but understaffed and responses may take longer than many residents find appropriate.

Thank you for this opportunity to provide comments on this conditional use permit. The HPNA Board of Directors hopes that all of the comments from Hollywood Park residents and the Board of Directors are taken under careful consideration. We look forward to the results of the Planning and Design Commission's hearing on this conditional use permit.

Sincerely,

Board of Directors  
Hollywood Park Neighborhood Association

Cc:

City Councilmember Jay Schenirer - jschenirer@cityofsacramento.org

County Supervisor Patrick Kennedy - kennedyP@saccounty.net

Mr. Matthew Sites, Community Development Department - msites@cityofsacramento.org

Mr. David Carlson, Commercial Lessors, Inc. - david.carlson@clire.com

Mr. Addison Moore, Paradigm Farms - cmonsteraddy@gmail.com

## **Summary of Public Meetings and Interactions**

### **June 12 Board of Directors Meeting**

Mr. Addison Moore, representing the business Paradigm Farms, attended the June 12, 2017 HPNA Board of Directors meeting and gave a draft presentation regarding the application. In attendance were 6 members of the HPNA Board of Directors, 3 Hollywood Park residents, Mr. Ramos and Mr. Carillo of the application for 408 24<sup>th</sup> Street, and 1 additional guest.

Mr. Moore told the board that the permit application is for a cultivation use for medical marijuana and is submitted with his business, Paradigm Farms, as a secured tenant. As a tenant, Mr. Moore is also responsible for securing an additional business operating permit specific to marijuana cultivation. All operations at the location will be indoors and out of public view. The business will not be open to the public. Mr. Moore plans to make interior modifications to the building, and minor exterior enhancements that are allowable for tenants. A security plan is pending Sac PD approval. The plan includes video monitoring, onsite security guards during operation, and potentially a nighttime security patrol.

The HPNA Board asked about cash storage as part of the business operations of the facility. Mr. Moore discussed this with the board and suggested that he can transport cash off site on a regular basis and secure cash that is onsite.

The site has chosen to contribute 1% gross receipts as part of the Neighborhood Responsibility Plan. The location is zoned M1 light manufacturing.

### **June 19 Tour of Facility**

Mr. Moore met 3 HPNA Board Members for a tour of the vacant facility. Mr. Moore showed HPNA board members the interior and exterior of the property and described plans for interior and security improvements. Board Members were able to ask questions of Mr. Moore and see in person the building's location and surrounding parcels and street setback.

### **June 21<sup>st</sup> HPNA General Membership Meeting**

On June 21, Mr. Moore and Mr. Carlson attended the HPNA General Membership meeting. As part of the meeting agenda, they gave a presentation on their application along with applicants from the additional marijuana cultivation application in the neighborhood. Mr. Ramos, Mr. Carillo, Mr. Moore and Mr. Carlson fielded questions from the audience for approximately an hour. Also on the agenda was Councilmember Jay Schenirer, and the Sacramento Police Department. Representatives from Police Department did not arrive before the meeting ended.

In attendance at the meeting were 19 members of the Hollywood Park Neighborhood Association who signed in. Additional guests, members of the public, and membership that declined to sign in for attendance were not accounted for, but total attendance is approximated at 40-60 persons. Of those in attendance, 7 persons registered for speaker cards on the topic of the marijuana applications before the meeting started. 6 of the 7 cards listed addresses indicating the speakers were Hollywood Park residents. The format for the meeting provided priority to speakers registering cards, and then allowed for open questions and comments from the audience.

Several questions were initially fielded by Councilmember Schenirer at the top of the meeting. Many of the questions related to unfamiliarity with aspects related to the city of Sacramento's permitting process for CUPs, explanation of the city's code development for these businesses, and oversight of aspects of the marijuana industry provided by the City of Sacramento's Office of Marijuana Policy and Enforcement.

Councilmember Schenirer answered questions regarding the application process, such as zoning, neighboring distance to schools, power and water use, and provided his personal experience as to the discretion and assessment of impacts of cultivation businesses he has visited. Councilmember Schenirer said that facilities he's visited have no public sales, no noticeable odor, no obvious signage, and minimal traffic impacts due to the fact that these businesses are not open to the public. Councilmember Schenirer noted that in his review of states with legal recreational marijuana, when marijuana cultivation businesses opened, residential property values were not negatively impacted. In addition, Councilmember Schenirer noted that the way in which the city regulates these businesses is meant to ensure that the general public will not know that the site is growing marijuana: no noticeable odor, no high profile signage, no public interactions or public sales, and minimal traffic consisting of employees and deliveries.

Councilmember Schenirer noted that if the locations are permitted, any complaints or negative impacts from the business may be addressed through traditional means of contacting city services that are used to address any other typical city permitted business. HPNA President Dylan Seidner added that direct contact with the owners and operators present at the meeting is an option for residents as well. Mr. Moore is the community relations manager for Paradigm Farms, and as such, is amenable to contact from Hollywood Park residents.

The following are some of the questions and answers resulting from the applicants presentations:

Q: Will the cultivations be allowed to use illegal pesticides?

A: No, pesticide use will be regulated based on state law

Q: Will electricity in the neighborhood be affected by these businesses?

A: No, SMUD will review all applications, and will generally see an increase in revenue based on power usage

Q: Will the locations be converted to dispensaries?

A: No plans from either applicant to convert

Q: Marijuana is federally illegal. What will the city and applicants do regarding any federal enforcement?

A: The city of Sacramento's attorney is aware of the issue as are the applicants. In addition, the state will have recreational regulations in place in 2018, which are also in conflict with Federal regulations

Q: Who will residents contact if there are any issues with the cultivation businesses?

A: The business will be regulated like any business regarding concerns and complaints, so the usual means of contact (311, Code Enforcement, Sac PD, calling the property owner or the business) will apply.

Q: Who can neighbors contact at the business if there is suspicious activity or other problems with the business?

A: The CUP requires a neighborhood respondent to be designated, and all the involved parties in attendance at the meeting have provided contact information should residents have concerns. Residents should follow standard reporting of suspicious activity to police non-emergency or call 911 for emergencies.

Q: Will felons be involved with the businesses?

A: Applicants for the Business Operating Permit will go through a background check and Live Scan fingerprint according to the Office of Marijuana Policy and Enforcement

Q: If the Neighborhood Association (HPNA) gets 1% gross from grows (as part of the Neighborhood Responsibility Plan), how can the neighborhood ensure the funds will be put toward improvements the whole neighborhood benefits from?

A: The city has not notified HPNA that it will be in receipt or control of any contributions to the Neighborhood Responsibility Plan, and based on questions posed by HPNA at the May 22, 2017 Office of Marijuana Policy and Enforcement stakeholder meeting, it is still unclear how those funds will be applied until the city completes a nexus study. The purpose of the study is to determine whether there are secondary negative impacts to neighborhoods resulting from the cannabis businesses. The limitations of those funds will be shaped by the nexus study, which could take up to a year to complete.

### **Summary of e-mails received by Hollywood Park Neighborhood Association**

HPNA publicly notified residents of the comment process for the CUP and recommended that any residents with comments provide them to both HPNA and the indicated planner for the application via e-mail or mail. HPNA accepted written comments or questions in the same manner, and noted that mailed or e-mail comments submitted prior to June 28<sup>th</sup> would be counted and summarized in this comment letter. To provide additional time, the deadline for HPNA's comments to draft this letter was extended to July 10<sup>th</sup>, the date of the July HPNA monthly board of director's meeting.

HPNA did not receive any comments by mail related to this CUP or marijuana businesses.

HPNA received its first e-mail comment specific to 4701 24<sup>th</sup> St. on June 19 and received a total of 8 e-mails specific to this development between June 20 and July 10. 7 emails were in opposition. 1 e-mail was a question regarding the permit requirements for security and odor control.

4 of the 7 emails were from persons providing an address within Hollywood Park. 3 of 7 did not provide additional contact information or an address.

Concerns from these emails are summarized as follows:

- Possible negative impact to residential property values
- Locations too close to schools
- Unhealthy influences on a family neighborhood
- Location could possibly endanger children
- Odor
- Too close to other cultivation locations
- Locations should be located in other agricultural or industrial areas

- Possible increases in crime as seen with grow houses
- Too much stress on the electrical grid
- Too much stress on water resources
- Too much of an environmental impact
- Generally opposed to businesses associated with marijuana
- Federally illegal status of marijuana.

HPNA received 4 additional e-mails between June 20 and July 10 that were not specific to this project, but concerned marijuana cultivation businesses in general.

1 of the 4 e-mails was in support of the businesses:

- Thinks impacts to the neighborhood would be minimal, similar to breweries in the area

3 of the 4 e-mails were in opposition:

- There should be a limit on the number of conditional use permits until the city understands the businesses' impacts
- The businesses could impact schools and children in the neighborhood
- Suggestions to concentrate these businesses in another rural or industrial area that is not adjacent to residences and schools.

1 of the opposition e-mails was from a person providing an address within Hollywood Park.