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# DECISION OF THE HEARINGS OFFICER

# CONDITIONAL USE / CLASS 3 SITE PLAN REVIEW CASE NO.: CU-SPR19-02

APPLICATION NO. : 19-109548-ZO / 19-109547-RP

NOTICE OF DECISION DATE: JULY 19, 2019

**SUMMARY:** Conditional Use and Class 3 Site Plan Review for a proposed hemp extraction facility.

**REQUEST:** Conditional Use and Class 3 Site Plan Review application for a proposed hemp extraction facility, a heavy manufacturing use, in an existing building at 2490 Ewald Avenue SE 97302 (Marion County Assessor Map and Tax Lot 0083W01CB01100A1) with parking and vehicle use areas on City-owned property surrounding the building and located at 2740-2994 25th Street SE (Marion County Assessor Map and Tax Lot 083W0100100) the IG (General Industrial) zone and McNary Field Overlay zone.

**APPLICANT:** Mark Shipman, Saalfeld Griggs PC, on behalf of Donald R. Wyant Jr., Business Group, Inc.

LOCATION: 2490 Ewald Ave SE / 97302

CRITERIA: Salem Revised Code (SRC) Chapters 240.005(d) and 220.005(f)(3)

FINDINGS: The findings are in the attached Decision dated July 19, 2019.

**DECISION:** The **Hearings Officer APPROVED** Conditional Use CU-SPR19-02 subject to the following conditions of approval:

# CONDITIONAL USE:

**Condition 1:** The extraction process shall be performed as described in the applicant's written statement included as Attachments C and D of the staff report.

**Condition 2:** The proposed development shall be in substantial conformance with the approved site plan, as modified by the conditions of approval. Addition of an industrial dryer to the exterior of the building and exterior storage of ethanol on the premises, subject to the requirements of the Oregon Fire Code and all other local, state, and federal requirements for fire and environmental protection, will be considered in substantial conformance with the approved site plan.

# SITE PLAN REVIEW:

Condition 3: Provide 4 bicycle parking spaces meeting the standards of SRC 806.060.



CU-SPR19-02 July 19, 2019 Page 2

The rights granted by the attached Conditional Use decision must be exercised, or an extension granted, by <u>August 6, 2021</u> or this approval shall be null and void. The rights granted by the attached Site Plan Review decision must be exercised, or an extension granted, by <u>August 6, 2023</u> or this approval shall be null and void.

Application Deemed Complete:	<u>May 20, 2019</u>
Public Hearing Date:	<u>June 26, 2019</u>
Notice of Decision Mailing Date:	<u>July 19, 2019</u>
Decision Effective Date:	<u>August 6, 2019</u>
State Mandate Date:	September 17, 2019

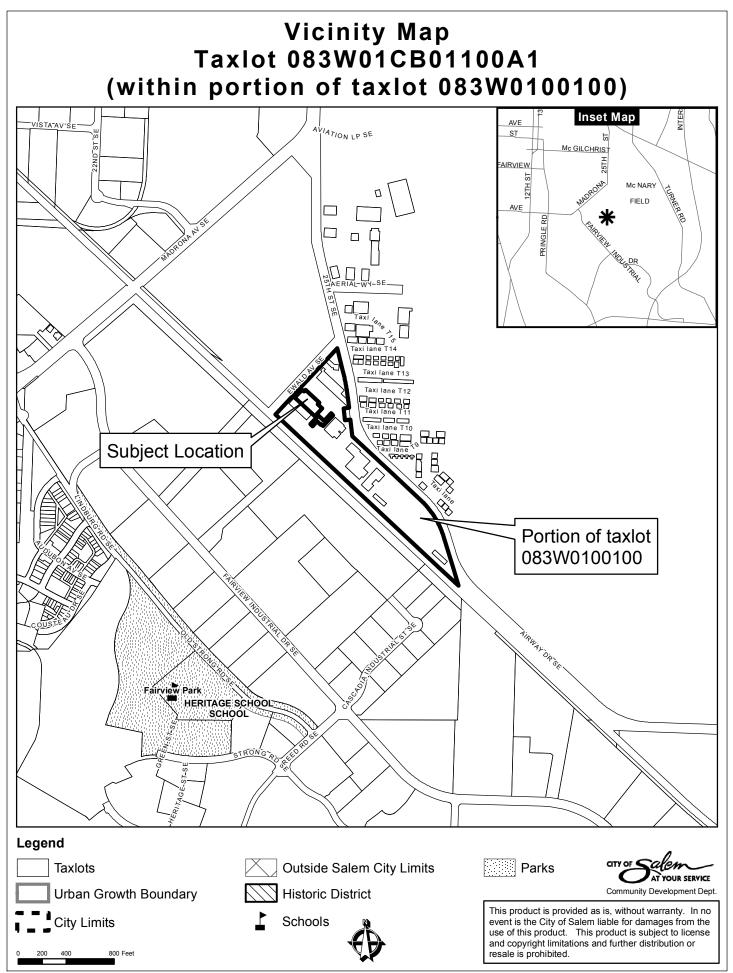
Case Manager: Pamela Cole, pcole@cityofsalem.net, 503-540-2309

This decision is final unless written appeal from an aggrieved party is filed with the City of Salem Planning Division, Room 305, 555 Liberty Street SE, Salem OR 97301, no later than 5:00 p.m., Monday, August 5, 2019. Any person who presented evidence or testimony at the hearing may appeal the decision. The notice of appeal must contain the information required by SRC 300.1020 and must state where the decision failed to conform to the provisions of the applicable code section, SRC Chapter(s) 240 and 220. The appeal must be filed in duplicate with the City of Salem Planning Division. The appeal fee must be paid at the time of filing. If the appeal is untimely and/or lacks the proper fee, the appeal will be rejected. The Planning Commission will review the appeal at a public hearing. After the hearing, the Planning Commission may amend, rescind, or affirm the action, or refer the matter to staff for additional information.

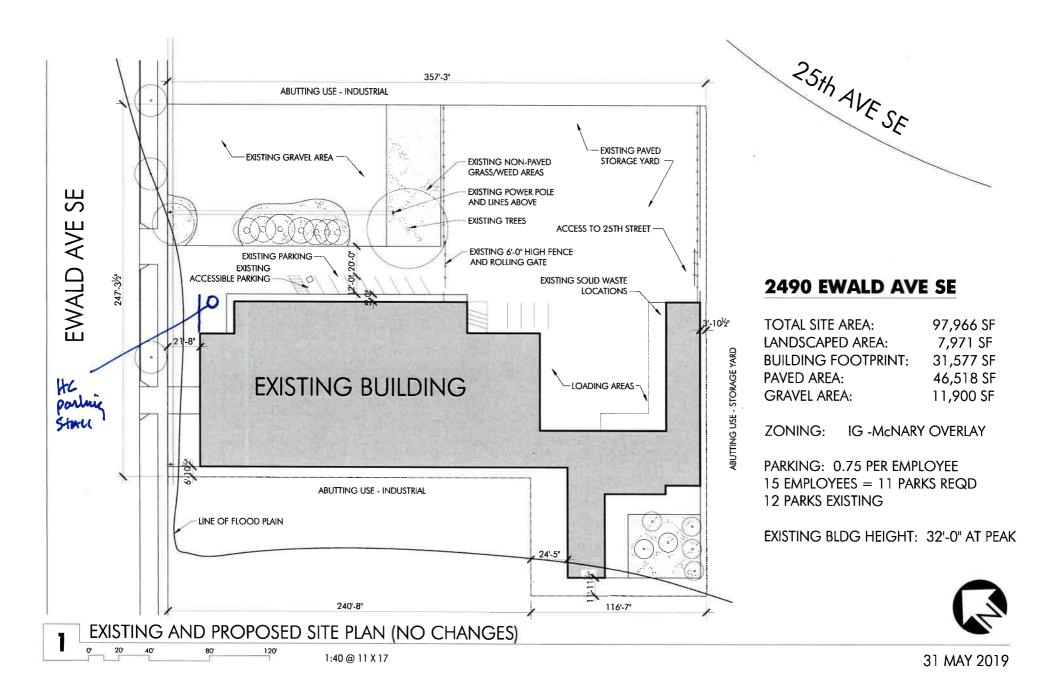
The complete case file, including findings, conclusions and conditions of approval, if any, is available for review at the Planning Division office, Room 305, City Hall, 555 Liberty Street SE, during regular business hours.

http://www.cityofsalem.net/planning

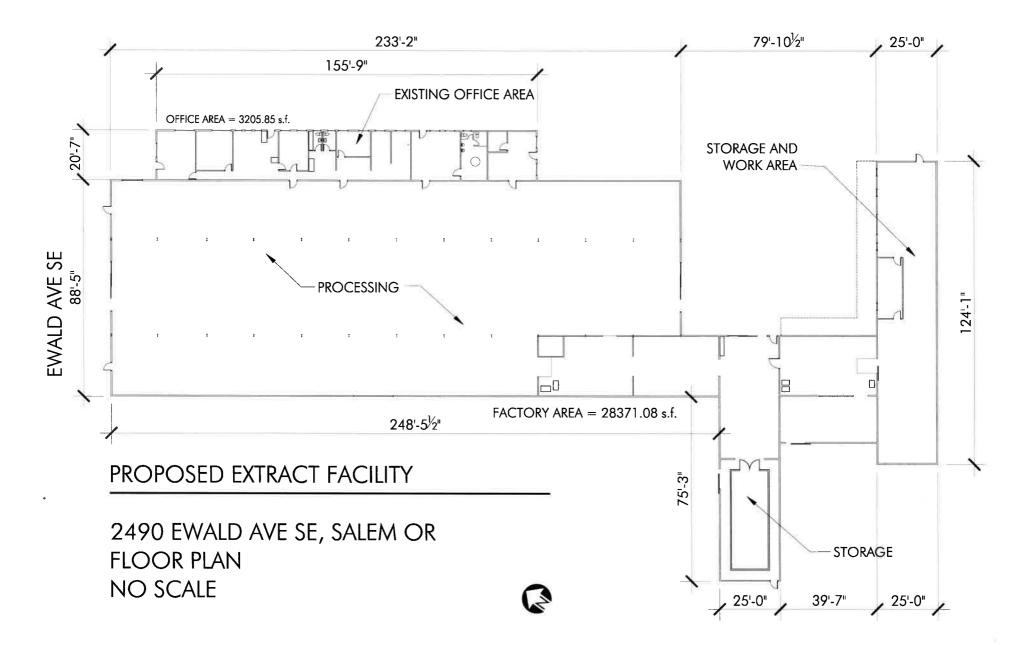
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## CITY OF SALEM BEFORE THE HEARINGS OFFICER

CU-SPR19-02
FINDINGS OF FACT, CONCLUSIONS, AND
DECISION

## DATE AND PLACE OF HEARING:

June 26, 2019, Salem City Council Chambers, Room 240, Civic Center, 555 Liberty Street SE, Salem, Oregon.

#### **APPEARANCES:**

<u>Staff</u> :	Pamela Cole, Planner II
Neighborhood Association:	None
<u>Proponents</u> :	Hannah Warner, Saalfeld Griggs Lawyers, on behalf of Business Group, Inc., Owners
<u>Opponents</u> :	None

# SUMMARY OF THE APPLICATION AND HEARING BACKGROUND

The City of Salem held a duly authorized and noticed public hearing on June 26, 2019, regarding a Conditional Use and Class 3 Site Plan Review application for a hemp extraction facility, a heavy manufacturing use, in an existing building at 2490 Ewald Avenue SE.

During the hearing, Pamela Cole requested the Staff Report be entered into the Record, and the Hearings Officer granted the request. Prior to the close of the public hearing, the applicant waived the additional 7-day period for additional testimony.

The Staff Report, and Staff presentation stated, observed, noted and alleged the following:

# FINDINGS OF FACT AND CONCLUSIONS

## 1. Salem Area Comprehensive Plan (SACP) designation

The Salem Area Comprehensive Plan (SACP) map designation for the subject property is "Industrial." The subject property is within the Urban Growth Boundary but outside of the Urban Service Area. Public Works determined that an Urban Growth Preliminary Declaration is not required to determine public facilities required to fully serve the development in conformance with the City's adopted Master Plans and Area Facility Plans.

# 2. Zoning and Surrounding Land Use

The subject property is zoned IG (General Industrial) and is located in the McNary Field Overlay Zone. Industrial hemp processing that involves extraction is classified as a Heavy Manufacturing use in the IG zone and requires a Conditional Use approval in the IG Zone and McNary Field Overlay Zone.

The zoning of surrounding properties is as follows:

Northwest: Across Ewald Avenue SE, IG (General Industrial)

Northeast: Across 25th Street SE and Airway Drive SE, PS (Public Services)

Southwest: Across railroad right-of-way, IC (Industrial Commercial)

## 3. Site Analysis

The subject property is a building approximately 34,650 square feet (tax lot 083W01CB01100A1) that is zoned IG and surrounded by City-owned property that is part of tax lot 083W0100100 (McNary Field airport) and zoned IG (General Industrial). The property is bounded on the northeast by 25th Street SE and Airway Drive SE, designated as a Collector in the Transportation System Plan, Ewald Avenue SE on the northwest, and railroad right-of-way on the southwest.

## 4. Neighborhood and Citizen Comments

The subject property is located within the Southeast Mill Creek Association (SEMCA) and adjacent to Morningside Neighborhood Association (Morningside). Notice was provided to SEMCA, Morningside, and surrounding property owners and tenants within 250 feet of the subject property.

As of the date of the staff report, no comments were received from SEMCA, Morningside, or surrounding property owners.

The Hearings Officer agrees with City Staff and adopts the findings in paragraphs 1-4, above.

# 5. City Department and Public Agency Comments

The Salem Building and Safety Division reviewed the proposal and identified no issues.

The Salem Fire Department reviewed the proposal and commented, Fire has no concerns with the Conditional Use of the Site Plan Review – Class 3 at this time. The structure and use will be evaluated at the time of building permit plan review. Items include, but are not limited to, fire department access, water supply, and the extraction process.

The Public Works Department reviewed the proposal and provided a memo which is included as Attachment E of the staff report.

## 6. Analysis of Conditional Use Criteria

The development of a heavy manufacturing use within an IG zone and McNary Field Overlay Zone requires Conditional Use approval.

SRC Chapter 240.005(a)(1) provides that:

No building, structure, or land shall be used or developed for any use which is designated as a conditional use in the UDC unless a conditional use permit has been granted pursuant to this chapter.

SRC Chapter 240.005(d) establishes the following approval criteria for a conditional use permit:

Criterion 1:

The proposed use is allowed as a conditional use in the zone.

The Hearings Officer notes that the extraction of oil and concentrates from industrial hemp is classified as a heavy manufacturing use. SRC Chapter 554, Table 554-1 provides that Heavy Manufacturing uses are allowed in the IG (General Industrial) zone with a conditional use permit. SRC 629.010 provides that conditional uses in an underlying zone are conditional uses in the McNary Field Overlay Zone.

The Hearings Officer finds that the proposal meets this criterion.

## Criterion 2:

<u>The reasonably likely adverse impacts of the use on the immediate</u> <u>neighborhood can be minimized through the imposition of conditions.</u>

The Hearings Officer notes that the applicant is proposing an extraction facility within an existing building with a gross floor area of approximately 34,650 square feet.

Heavy manufacturing uses require a conditional use permit in order to evaluate the impact of a use on surrounding uses in the immediate area. Potential impacts from heavy manufacturing uses include noise, vibration, dust, smoke, fumes or noxious odors.

The Hearings Officer notes that the applicant's statement describes the closed loop ethanol extraction process involved in extraction for this facility, which will be located indoors. The primary business is extraction of oils from hemp plants. This process will require storage of biomass on site and may necessitate the installation of an industrial dryer on the exterior of the building. A secondary enclosed extraction system will allow for further refinement of the hemp oil into a water-soluble powder.

The filtration and processing systems will be fully enclosed, and noise is confined to the pumps used to circulate liquids during the extraction process. The internal filtration system captures odors or fumes. Because the parking and loading areas are paved, impacts from dust associated with delivery of raw materials and shipping or final products are unlikely.

As described, the manufacturing process does not involve significant impacts on adjacent properties due to noise, vibration, dust, smoke, fumes or noxious odors. To ensure that impacts of the manufacturing process are limited, staff recommends, and the Hearings Officer imposes the following condition:

**Condition 1:** The extraction process shall be performed as described in the applicant's written statement included as Attachments C and D of the staff report.

Other potential impacts include an increase in criminal activities and trespassing. The applicant proposes minimizing impacts through several safeguards. These include an interior and exterior surveillance system remotely accessible to several employees, as well as an outside security monitoring service. Because the products are not controlled substances, the security risks are not as significant as those for marijuana processing.

The development, as proposed and with the imposed condition of approval above, minimizes reasonably likely adverse impacts of the use on the adjacent tenants and neighboring uses.

#### Criterion 3:

<u>The proposed use will be reasonably compatible with and have minimal</u> <u>impact on the livability or appropriate development of surrounding property</u>.

The Hearings Officer notes that the extraction and processing facilities would be located in an existing building within an industrial zone, and the surrounding businesses are similar in impacts. The property will have adequate loading space for delivery of raw materials and adequate storage space within the building. No alterations to the exterior of the building, except the addition of an industrial dryer, are proposed. An industrial dryer is considered operational equipment and would be exempt from site plan review.

The use will be reasonably compatible with the surrounding uses and will have minimal impact on the livability or development of surrounding property. To ensure the proposal is in substantial conformance with the use and development presented in the application materials, staff recommends, and the Hearings Officer imposes the following condition of approval:

**Condition 2:** The proposed development shall be in substantial conformance with the approved site plan, as modified by the conditions of approval. Addition of an industrial dryer to the exterior of the building and exterior storage of ethanol on the premises, subject to the requirements of the Oregon Fire Code and all other local, state, and federal requirements for fire and environmental protection, will be considered in substantial conformance with the approved site plan.

The Hearings Officer notes the statements in paragraphs 5 and 6 are uncontested and finds the same useful in addressing the criteria below.

## 7. Analysis of Class 3 Site Plan Review Approval Criteria

SRC 220.005(f)(3) establishes the following approval criteria for a Class 3 Site Plan Review:

#### Criterion 1:

## The application meets all applicable standards of the UDC.

The Hearings Officer notes that the project includes a proposed change of use of an existing building for an industrial hemp extraction facility.

The Hearings Officer finds that the development, as imposed and conditioned, meets all standards of the UDC.

## **McNary Field Overlay Zone**

## SRC 629.010 - Uses:

Except as otherwise provided in this section, any use that is a permitted, special, conditional, or prohibited use in the underlying zone is a permitted, special, conditional, or prohibited use in the McNary Field Overlay Zone.

The Hearings Officer finds that the use involves the extraction of products from industrial hemp. The extraction process is classified as a heavy manufacturing use in SRC Chapter 400, which is a conditional use in the underlying IG zone. Therefore, the proposed use is a conditional use in the McNary Field Overlay zone.

#### SRC 629.010 - Development Standards:

Development within the McNary Field Overlay Zone must comply with the development standards applicable in the underlying zone.

The Hearings Officer finds that the development, as conditioned, meets all development standards of the IG zone and McNary Field Overlay Zone.

## **Development Standards - IG (General Industrial) Zone:**

## SRC 554.005(a) - Uses:

Except as otherwise provided in Chapter 554, the permitted, special, conditional and prohibited uses in the IG zone are set forth in Table 554-1.

The Hearings Officer notes that this use involves the extraction of products from industrial hemp. The extraction process is classified as a heavy manufacturing use in SRC Chapter 400.

Within the IG zone, heavy manufacturing is listed as a Conditional Use. Final findings addressing the Conditional Use Permit criteria are included in Section 6 of this final decision.

#### SRC 554.010(a) – IG Zone Lot Standards:

There are no minimum lot area or dimension requirements in the IG zone. All uses are required to have a minimum of 16 feet of street frontage.

The Hearings Officer finds that the existing building is located on a City-owned property with approximately 3,000 feet of street frontage.

#### SRC 554.010(b) – IG Zone Setbacks:

**Northwest:** Adjacent to the northwest is the right-of-way of Ewald Avenue SE. There is a 5-foot building setback and a 6- to 10-foot vehicle use area setback.

**Northeast:** Adjacent to the east is the right-of-way of 25th Street SE and Airway Drive SE. There is a 5-foot building setback and a 6- to 10-foot vehicle use area setback.

**Southwest:** Adjacent to the southeast and across a railroad right-of-way is an IC (Industrial Commercial) zone.

The Hearings Officer finds that the development includes an interior tenant improvement and change of use within an existing building. There is no change to the building footprint or pavement area in the existing parking lot.

#### SRC 554.010(c) - Lot Coverage, Height:

There is no maximum lot coverage standard. The maximum height in the IG zone is 70 feet.

The Hearings Office notes that the development does not modify the lot coverage or height of the existing building. This development complies with the lot coverage and maximum height standards of the IG zone.

SRC 554.010(d) - Landscaping:

- (1) Setbacks. Required setbacks shall be landscaped. Landscaping shall conform to the standards set forth in SRC Chapter 807.
- (2) Vehicle Use Areas. Vehicle use areas shall be landscaped as provided under SRC Chapter 806 and SRC Chapter 807.

The Hearing Office finds that the development includes an interior tenant improvement and change of use within an existing building. Landscaping is not required for this development.

## SRC 806.005 - Off-Street Parking; When Required.

Off-street parking shall be provided and maintained for any change of use or activity, when such change of use or activity results in a parking ratio requiring a greater number of spaces than the previous use or activity.

SRC 806.010 - Proximity of Off-Street Parking to Use or Activity Served. Required off-street parking shall be located on the same development site as the use or activity it serves.

## SRC 806.015 - Amount of Off-Street Parking.

- a) Minimum Required Off-Street Parking. The minimum number of offstreet parking spaces required for a heavy manufacturing use is the greater of 0.75 spaces per employee or 1 space per 5,000 square feet of floor area.
- b) Compact Parking. Up to 75 percent of the minimum off-street parking spaces required under this Chapter may be compact parking spaces.
- c) Carpool and Vanpool Parking. New developments with 60 or more required off-street parking spaces shall designate a minimum of 5 percent of their total off-street parking spaces for carpool or vanpool parking.
- d) Maximum Off-Street Parking. Unless otherwise provided in the SRC, off-street parking shall not exceed the amounts set forth in Table 806-2.

The Hearings Officer notes that according to the site plan, the heavy manufacturing use will have 15 employees, requiring a minimum of 11 offstreet parking spaces ( $15 \times 0.75 = 11.25$ , rounding to 11). The existing offstreet parking area has 12 spaces. No changes are proposed or required for the existing spaces. None of the parking spaces are depicted on the site plan as compact spaces. Carpool/vanpool spaces are not required for these uses.

*SRC 806.035 - Off-Street Parking and Vehicle Use Area Development Standards.* Unless otherwise provided under the UDC, off-street parking and vehicle use areas, other than driveways and loading areas, for uses or activities other than Single Family and Two Family shall be developed and maintained as provided in this section.

- a) General Applicability. The off-street parking and vehicle use area development standards set forth in this section apply to:
  - 1. The development of new off-street parking and vehicle use areas.
  - 2. The expansion of existing off-street parking and vehicle use areas, where additional paved surface is added.
  - 3. The alteration of existing off-street parking and vehicle use areas, where the existing paved surface is replaced with a new paved surface; and
  - 4. The paving of an un-paved area.

The Hearings Officer finds that this development includes no changes to the existing parking and vehicle use areas.

# **Bicycle Parking**

## SRC 806.045 - General Applicability.

Bicycle parking shall be provided and maintained for any change of use or activity, when such change of use or activity results in a bicycle parking ratio requiring a greater number of spaces than the previous use or activity.

*SRC 806.050 – Proximity of Bicycle Parking to use or Activity Served.* Bicycle parking shall be located on the same development site as the use or activity it serves.

## SRC 806.055 - Amount of Bicycle Parking.

Uses in the heavy manufacturing category require the greater of 4 bicycle parking spaces or one space per 10,000 square feet of floor area.

The Hearings Officer finds that the heavy manufacturing use would occupy approximately 34,650 square feet within the existing building, and 4 bicycle parking spaces are required for this use (34,560 / 10,000 = 3.456, which is less than 4). The site plan does not indicate the location of the bicycle parking spaces.

The Hearings Officer imposes the following:

**Condition 3:** Provide 4 bicycle parking spaces meeting the standards of SRC 806.060.

SRC 806.060 – Bicycle Parking Development Standards Unless otherwise provided under the UDC, bicycle parking areas shall be developed and maintained as set forth in this section.

- a) Location. Bicycle parking areas shall be located within a convenient distance of, and shall be clearly visible from, the primary building entrance. In no event shall bicycle parking areas be located more than 50 feet from the primary building entrance.
- b) Access. Bicycle parking areas shall have direct and accessible access to the public right-of-way and the primary building entrance.
- c) Dimensions. Bicycle parking spaces shall be a minimum of 6 feet by 2 feet and shall be served by a minimum 4-foot-wide access aisle.
- d) Bicycle Racks. Where bicycle parking is provided in racks, the racks may be floor, wall, or ceiling racks. Bicycle racks shall accommodate the bicyclist's own locking device.

The Hearings Officer finds that the bicycle parking spaces for the building must meet the requirements of SRC 806.060, as required in the condition above.

# **Off-Street Loading Area**

## SRC 806.065 - General Applicability.

Off-street loading areas shall be provided and maintained for any change of use or activity, when such change of use or activity results in a greater number of required off-street loading spaces than the previous use or activity.

## SRC 806.075 - Amount of Off-Street Loading.

One loading space is required for a heavy manufacturing use of 5,000 to 100,000 square feet.

The Hearings Officer notes that the current use of the building is warehousing, and the proposed use is heavy manufacturing. For both uses, the minimum loading requirement is one loading space for 5,000 to 100,000 square feet. The change of use does not increase the floor area of the existing building and does not result in a greater number of off-street loading spaces required for the existing building.

# Landscaping

All required setbacks shall be landscaped with a minimum of 1 plant unit per 20 square feet of landscaped area. A minimum of 40 percent of the required number of plant units shall be a combination of mature trees, shade trees, evergreen/conifer trees, or ornamental trees. Plant materials and minimum plant unit values are defined in SRC Chapter 807, Table 807-2.

All building permit applications for development subject to landscaping requirements shall include landscape and irrigation plans meeting the requirements of SRC Chapter 807.

The Hearings Officer finds that there are no additional landscaping requirements for this change of use.

#### **Natural Resources**

*SRC Chapter 601 (Floodplain):* Areas of the City-owned property surrounding the building are designated on the Federal Emergency Management Agency (FEMA) floodplain maps as a Zone "AE" floodplain. Development within the floodplain requires a floodplain development permit and is subject to the requirements of SRC Chapter 601, including elevation of new structures to a minimum of one foot above the base flood elevation. No work is proposed on the exterior of the existing building. Public Works staff has reviewed the Flood Insurance Study and Flood Insurance Rate Maps and has determined that no floodplain or floodway areas exist on the subject property for this application.

*SRC 808 - Preservation of Trees and Vegetation:* The City's tree preservation ordinance, under SRC Chapter 808, provides that no person shall remove a significant tree (Oregon White Oak greater than 24 inches in diameter at breast height) (SRC 808.015) or a tree or native vegetation in a riparian corridor (SRC 808.020), unless the removal is excepted under SRC 808.030(a)(2), undertaken pursuant to a permit issued under SRC 808.030(d), undertaken pursuant to a tree conservation plan approved under SRC 808.035, or permitted by a variance granted under SRC 808.045.

The Hearings Officer notes that no protected riparian trees or significant trees have been identified on the site plan for removal.

*SRC 809 – Wetlands:* Grading and construction activities within wetlands are regulated by the Oregon Department of State Lands (DSL) and US Army Corps of Engineers. State and Federal wetland laws are also administered by the DSL and Army Corps, and potential impacts to jurisdictional wetlands are addressed through application and enforcement of appropriate mitigation measures.

According to the Salem-Keizer Local Wetland Inventory (LWI), the subject property for this application does not contain any wetland areas. The East Fork Pringle Creek runs through the City-owned property parallel to the southeast property line. No development is proposed near the waterway.

*SRC 810 - Landslide Hazards:* A geological assessment or report is required when regulated activity is proposed in a mapped landslide hazard area. There are small areas mapped with 3 landslide hazard points on the City-owned property that surrounds the building. Public Works has determined that there are no mapped landslide hazard areas on the subject property for this application.

The subject property meets all applicable standards of the following chapters of the UDC: 601 – Floodplain; 802 – Public Improvements; 803 – Streets and Right-of-Way Improvements; 804 – Driveway Approaches; 805 – Vision Clearance; 809 – Wetlands; and 810 – Landslides.

#### Criterion 2:

<u>The transportation system provides for the safe, orderly, and efficient</u> <u>circulation of traffic into and out of the proposed development, and negative</u> <u>impacts to the transportation system are mitigated adequately.</u>

The Hearings Officer notes that the Ewald Avenue SE meets the rightof-way width and pavement width standards per the Salem TSP; therefore, no additional street improvements are required as a condition for this development.

#### Criterion 3:

Parking areas and driveways are designed to facilitate safe and efficient movement of vehicles, bicycles, and pedestrians.

The Hearings Officer finds that the existing driveway accesses onto Ewald Avenue SE provide for safe turning movements into and out of the property.

#### Criterion 4:

The proposed development will be adequately served with City water, sewer, stormwater facilities, and other utilities appropriate to the nature of the development.

The Hearings Officer finds that the Public Works Department has reviewed the applicant's preliminary plan for this site. The water, sewer, and storm infrastructures are available within surrounding streets and are adequate to serve this development. The applicant does not show any new connections to public infrastructure.

No participant objected to or challenged the testimony or evidence. Based on the Record and testimony, the Hearings Officer finds this criterion met.

## DECISION

The Hearings Officer **APPROVES** the request for a conditional use and site plan review application to change the use of a building to a hemp extraction facility for property located at 2490 Ewald Avenue SE subject to the following conditions of approval:

## **CONDITIONAL USE:**

- **Condition 1:** The extraction process shall be performed as described in the applicant's written statement included as Attachments C and D of the staff report.
- **Condition 2:** The proposed development shall be in substantial conformance with the approved site plan, as modified by the conditions of approval. Addition of an industrial dryer to the exterior of the building and exterior storage of ethanol on the premises, subject to the requirements of the Oregon Fire Code and all other local, state, and federal requirements for fire and environmental protection, will be considered in substantial conformance with the approved site plan.

## SITE PLAN REVIEW:

**Condition 3:** Provide 4 bicycle parking spaces meeting the standards of SRC 806.060.

DATED: July 19, 2019.

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Amy L. Cook, Hearings Officer