

TO: HEARINGS OFFICER

FROM: LISA ANDERSON-OGILVIE, AICP, DEPUTY COMMUNITY
DEVELOPMENT DIRECTOR AND PLANNING ADMINISTRATOR

SUBJECT: CONDITIONAL USE/CLASS 3 SITE PLAN REVIEW CASE NO. CU-
SPR19-02
2490 EWALD AVENUE SE
AMANDA NO. 19-109548-ZO & 19-109547-RP

REQUEST

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

Description: 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 083W01CB01100A1) 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) in the IG (General Industrial) zone and McNary Field Overlay zone.

A vicinity map illustrating the location of the property is attached hereto, and made a part of this staff report (**Attachment A**).

OWNER: Wyant Land, Building and Development Company and Ezekial Elder Investments LLC (Donald Wyant Jr.); City of Salem

APPLICANT: Donald R Wyant Jr. for Business Group Inc

FILER: Mark D. Shipman, Saalfeld Griggs PC

RECOMMENDATION

Based upon the Facts and Findings contained in this staff report, staff recommends that the Hearings Officer APPROVE 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**.
- Condition 2:** The proposed development shall be in substantial conformance with the approved site plan included as **Attachment B**, as modified by the conditions of approval. Addition of an industrial dryer to the exterior of

the building 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.

APPLICATION PROCESSING

On April 18, 2019, the applicant submitted an application for a Conditional Use Permit, and Class 3 Site Plan Review application. Staff requested additional information to deem the application complete. The applicant requested on May 17, 2019 that staff accept the application as complete and schedule a public hearing at the earliest opportunity. The application was deemed complete for processing on May 20, 2019. The applicant submitted the additional information on June 4, 2019.

The public hearing before the City of Salem Hearings Officer is scheduled for June 26, 2019, at 5:30 p.m. Notice of public hearing was sent by mail to surrounding property owners pursuant to Salem Revised Code (SRC) requirements on June 6, 2019. Public hearing notice was also posted on the property by the applicant pursuant to SRC requirements.

PROPOSAL

The applicant is requesting to change the use of an existing warehouse building at 2490 Ewald Avenue SE to an industrial hemp processing facility. The parking and vehicle use areas for this building and others nearby are on City-owned property. A vicinity map is included as **Attachment A**. Because the processing will involve extraction, classified as a Heavy Manufacturing use, the proposal requires a Conditional Use permit within the IG zone and McNary Field Overlay Zone. The proposed site plan is included as **Attachment B**.

SUMMARY OF RECORD

The following items are submitted to the record and are available upon request: All materials submitted by the applicant, including any applicable professional studies such as traffic impact analysis, geologic assessments, and stormwater reports; any materials and comments from public agencies, City departments, neighborhood associations, and the public; and all documents referenced in this report.

APPLICANT'S STATEMENT

The applicant's statement addressing the applicable approval criteria for the consolidated applications is included as **Attachments C and D**.

FACTS AND FINDINGS

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 Uses

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 this staff report, no comments have been received from SEMCA, Morningside, or surrounding property owners.

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**.

6. Analysis of Conditional Use Criteria

The proposed 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.

Finding: 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.

Staff finds that the proposal meets this criterion.

Criterion 2:

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

Applicant's Statement: The applicant's written statement addressing the conditional use approval criteria is included as **Attachment C**. Additional

information regarding the extraction process is included as **Attachment D**.

Staff Finding: 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 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 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**.

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 recommended condition of approval above, minimizes reasonably likely adverse impacts of the use on the adjacent tenants and neighboring uses.

Criterion 3:

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

Applicant's Statement: The applicant's written statement addressing the conditional use approval criteria is included as **Attachment C**.

Staff Finding: The proposed 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.

As proposed, 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 the following condition of approval:

Condition 2: The proposed development shall be in substantial conformance with the approved site plan included as **Attachment B**, as modified by the conditions of approval. Addition of an industrial dryer to the exterior of the building will be considered in substantial conformance with the approved site plan.

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.

Finding: The project includes a proposed change of use of an existing building for an industrial hemp extraction facility.

The development, as proposed 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.

Finding: The proposed 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.

Finding: The development, as proposed and 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.

Finding: The proposed 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. Findings addressing the Conditional Use Permit criteria are included in Section 6 of this report.

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.

Finding: 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.

Finding: The proposed 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.

Finding: The proposed development does not modify the lot coverage or height of the existing building. The proposed 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.

Finding: The proposed development includes an interior tenant improvement and change of use within an existing building. Landscaping is not required for the proposed 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 off-street 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.

Finding: According to the site plan, the proposed heavy manufacturing use will have 15 employees, requiring a minimum of 11 off-street parking spaces ($15 \times 0.75 = 11.25$, rounding to 11). The existing off-street 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 the proposed 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.

Finding: The proposed 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.

Finding: The proposed heavy manufacturing use would occupy approximately 34,650 square feet within the existing building, and 4 bicycle parking spaces are required for the proposed use ($34,650 / 10,000 = 3.465$, which is less than 4). The site plan does not indicate the location of the bicycle parking spaces.

The following condition is required:

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.

Finding: The proposed 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.

Finding: 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 proposed 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.

Finding: No additional landscaping is required for the proposed 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.

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:

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

Finding: Ewald Avenue SE meets the right-of-way width and pavement width standards per the Salem TSP; therefore, no additional street improvements are required as a condition of the proposed development.

Criterion 3:

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

Finding: 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.

Finding: 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 the proposed development. The applicant does not show any new connections to public infrastructure.

RECOMMENDATION

Based upon the Facts and Findings contained in this staff report, staff recommends that the Hearings Officer APPROVE 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**.
- Condition 2:** The proposed development shall be in substantial conformance with the approved site plan included as **Attachment B**, as modified by the conditions of approval. Addition of an industrial dryer to the exterior of the building 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.

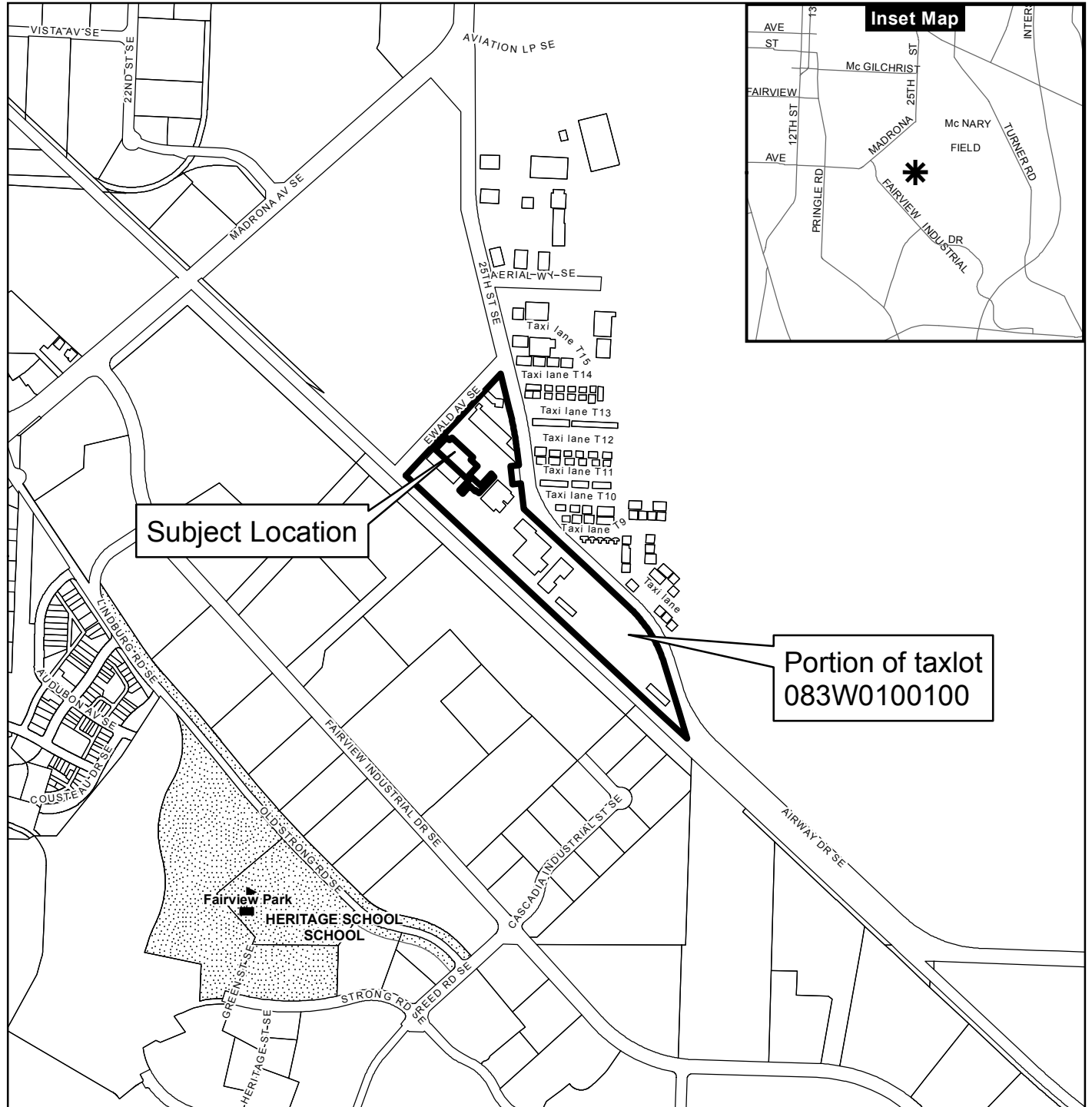
Prepared by Pamela Cole, Planner II

Application Deemed Complete Date: May 20, 2019
State Mandated Decision Date: September 17, 2019

Attachments: A. Vicinity Map
B. Site Plan
C. Applicant's Statement Addressing Approval Criteria
D. Applicant's Statement Describing Extraction Process
E. Public Works Memorandum

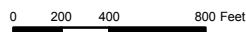
Vicinity Map

Taxlot 083W01CB01100A1 (within portion of taxlot 083W0100100)



Legend

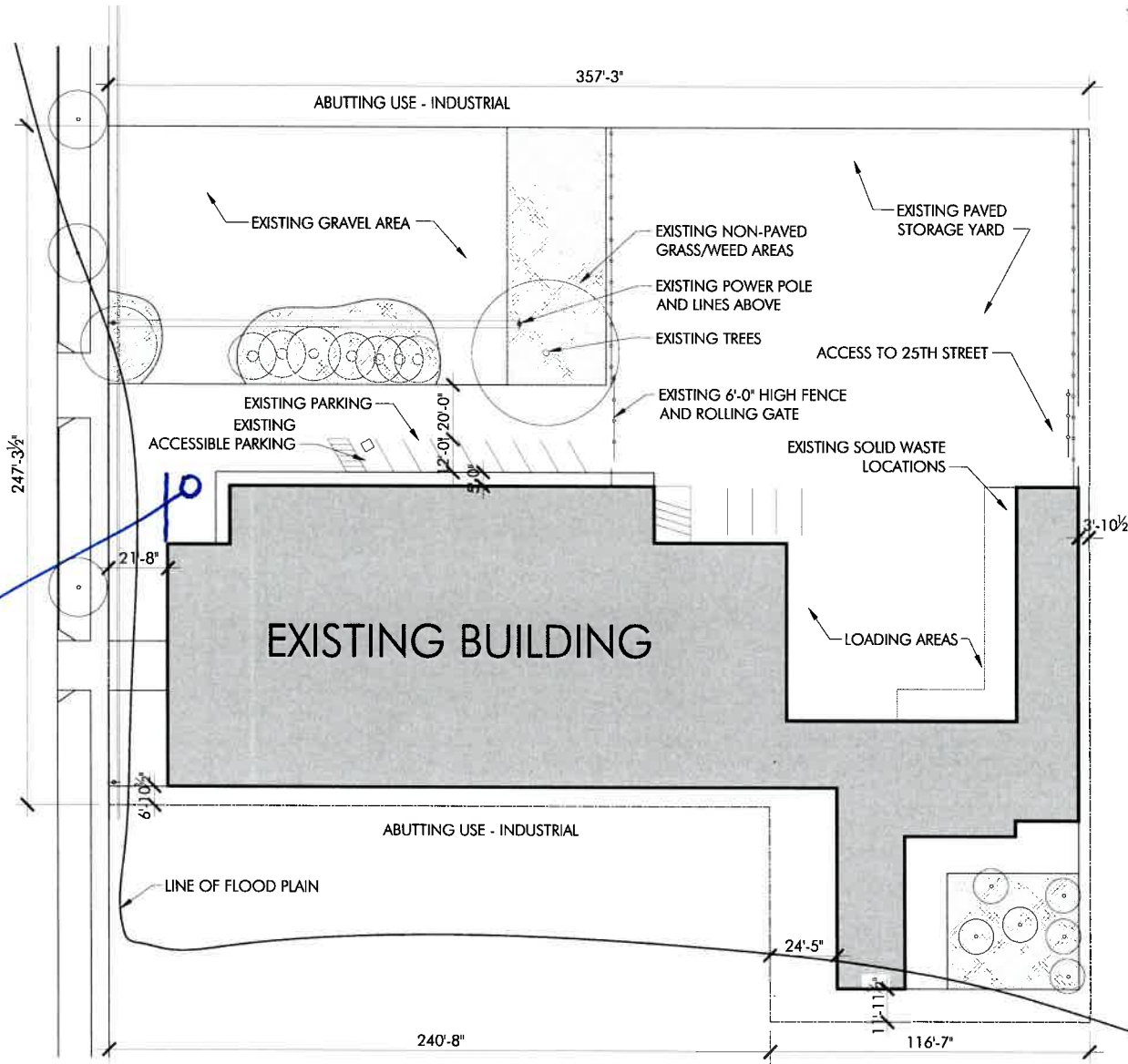
- Taxlots
- Urban Growth Boundary
- City Limits
- Outside Salem City Limits
- Historic District
- Schools
- Parks



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EWALD AVE SE

25th AVE SE



2490 EWALD AVE SE

TOTAL SITE AREA:	97,966 SF
LANDSCAPED AREA:	7,971 SF
BUILDING FOOTPRINT:	31,577 SF
PAVED AREA:	46,518 SF
GRAVEL AREA:	11,900 SF

ZONING: IG -McNARY OVERLAY

PARKING: 0.75 PER EMPLOYEE
 15 EMPLOYEES = 11 PARKS REQD
 12 PARKS EXISTING

EXISTING BLDG HEIGHT: 32'-0" AT PEAK

HC parking Street

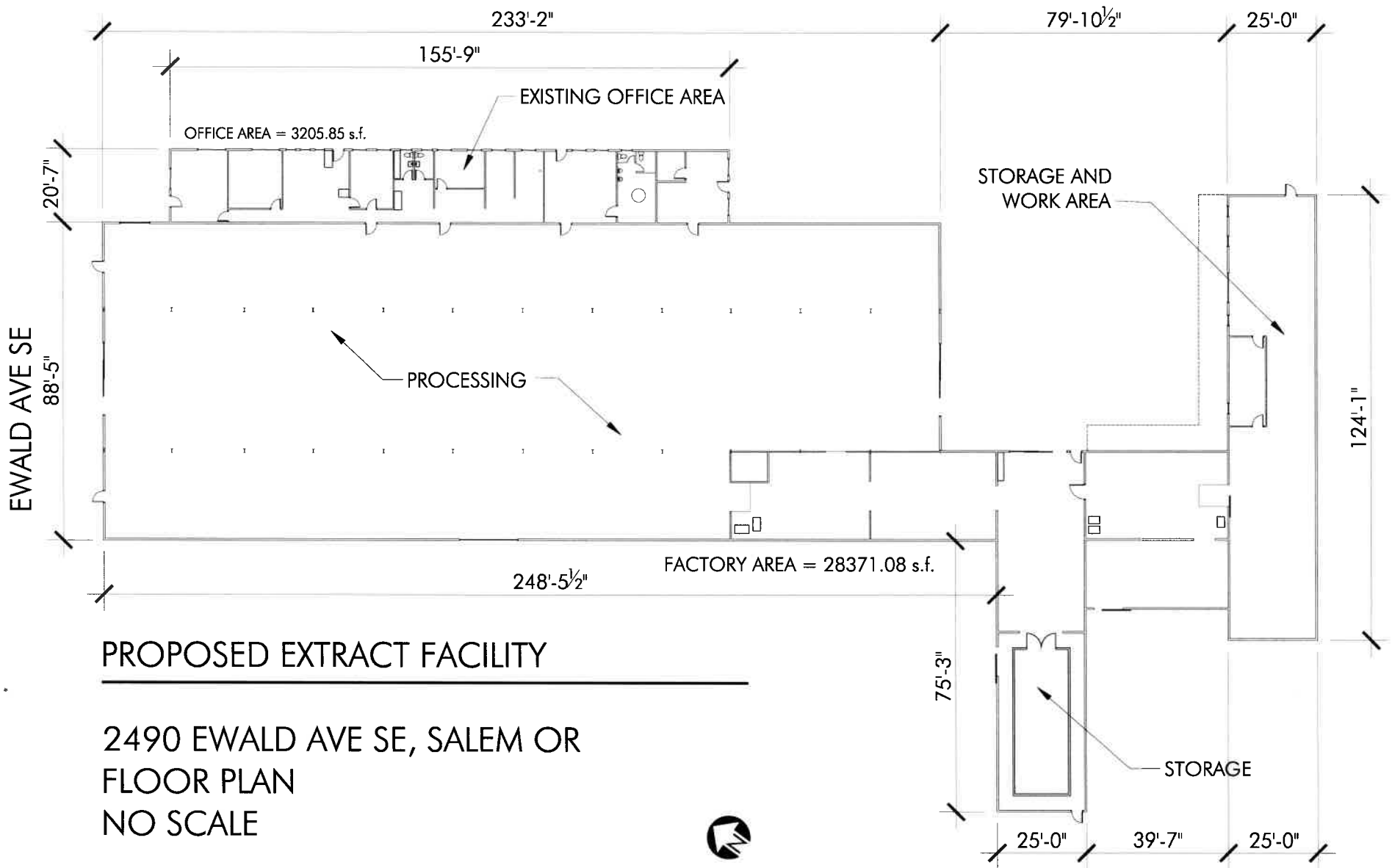
1 EXISTING AND PROPOSED SITE PLAN (NO CHANGES)



1:40 @ 11 X 17



31 MAY 2019



CONDITIONAL USE AND CLASS 3 SITE PLAN REVIEW WRITTEN STATEMENT

OWNER(S):

M-B Companies, Inc.
 PO Box 200
 New Holstein, WI 53061

APPLICANT:

Business Group Inc
 3190 Lancaster DR NE
 Salem, OR 97305

City of Salem
 555 Liberty ST SE
 Salem, OR 97301

APPLICANT'S REPRESENTATIVE:

MARK D. SHIPMAN
 SAALFELD GRIGGS PC
 PO Box 470
 Salem, OR 97308

GENERAL**Request**

Business Group Inc (herein the "**Applicant**") is requesting a Conditional Use Permit and Class 3 Site Plan Review for a proposed change of use of an existing industrial building to an industrial hemp processing facility. This type of processing is a heavy manufacturing use, requiring a conditional use permit in the General Industrial (IG) Zone.

Subject Property Information

This Conditional Use Permit application is for an existing building located at 2490 Ewald Ave SE in Salem, Marion County, Oregon (herein the "**Subject Property**"). The Subject Property consists of a portion of tax lot 100 in Marion County Assessor's Map No. 8-3W-01CB. The Subject Property is further depicted on the conceptual site plan (and outlined on the site plan summary table) both of which are attached hereto as **Exhibit "A."** The Subject Property is located within the City of Salem ("**City**") City Limits and Urban Growth Boundary, is designated "Industrial" in the City of Salem Area Comprehensive Plan (SACP) and is zoned General Industrial (IG) under the City of Salem zoning code. It is located within the McNary Field Overlay Zone. There is an existing warehouse building (the "**Building**") on the Subject Property which will be the site of the proposed hemp processing facility.



The Subject Property has frontage along Ewald Avenue SE, which terminates at a railroad right of way to the south west and intersects with Airway Drive SE to the north east. Ewald Avenue SE is classified as a local road and Airway Drive SE is classified as a collector under the City's Transportation Systems Plan.

Existing Conditions Plan Map and Surrounding Uses

The Existing Conditions Plan is attached as *Exhibit "B."* The Subject Property is located within a portion of tax lot 100 of Marion County Assessor's Map No. 8-3W-01CB. The surrounding properties are as follows:

<u>PROPERTY</u>	<u>ZONING</u>	<u>USE</u>
Northern Property	General Industrial (IG)	Industrial
Southern Property	Industrial Business Campus (IBC) / Industrial Commercial (IC)	Industrial
Eastern Property	Public Service (PS) / Industrial Park (IP) / Industrial Commercial (IC)	Air Port/ Industrial Processing/ Industrial Commercial
Western Property	Industrial Business Campus (IBC)	Industrial Business Park

Last Deeds of Record

The Subject Property is owned by the City of Salem subject to a ground lease which grants a leasehold interest to M-B Companies, Inc. M-B Companies, Inc. is the current owner of the Building located on the Subject Property. Applicant is in the process of purchasing the Building and M-B Companies, Inc.'s interest in the ground lease. The last deed of record for tax lot 100 is attached as *Exhibit "C."*

I. PROPOSED PROJECT DESCRIPTION

The Applicant is seeking a Conditional Use Permit and Class 3 Site Plan Review approval to allow for and to establish an industrial hemp processing facility within an existing industrial building. The City classifies this use as heavy manufacturing, which is a conditional use within the IG Zone.

II. CONDITIONAL USE REVIEW CRITERIA AND PROPOSED FINDINGS

The Subject Property is zoned IG. As such, listed conditional uses are subject to obtaining a Conditional Use Permit and satisfying the criteria in SRC Section 240.005 and any additional criteria requirements and standards for the use.

Criterion 1: The proposed use is allowed as a conditional use in the zone.

Chapter 554. - IG – General Industrial

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.

Proposed Finding: The proposed use involves the extraction of products from 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. This criterion is satisfied.

(1) The reasonably likely adverse impacts of the use on the immediate neighborhood can be minimized through the imposition of conditions; and

Proposed Finding: The Subject Property is surrounded by industrial uses and is adjacent to the Salem Airport. Manufacturing is a common use in the area and any potential noise, vibration, dust, smoke, fumes, or odors are unlikely to adversely impact the immediate neighborhood. Further, the typical extraction process associated with hemp processing for extraction uses a closed loop ethanol extraction process which does not produce significant increases in noise, vibration, dust, smoke, fumes, or odors. As all of the extraction will be performed within the building on the Subject Property, potential adverse impact on the immediate neighborhood will be further minimized. Applicant has provided a supplemental letter further detailing the extraction process which has been attached to this application as ***Exhibit "D"***. This criterion is satisfied.

(2) The proposed use will be reasonably compatible with and have minimal impact on the livability or appropriate development of surrounding property.

Proposed Finding: The Subject Property is within an industrial area and is bordered on one side by the Salem Airport, heavy manufacturing and any potential associated impacts are compatible with the surrounding uses. The Subject Property is designed in a manner that will provide adequate loading space to accommodate the delivery of raw materials as well as providing adequate storage within the building. The majority of the surrounding properties are developed with established industrial uses. There are no residential properties in the general vicinity, and therefore the change in use will not impact the livability or future development of the surrounding properties. The surrounding properties are described more below:

North: The property to the north of the Subject Property is operated by Lineage Logistics as cold and freezer warehousing which primarily serves food producers and processors. The warehouse also provides on-site processing.

East: The property located to the east of the Subject Property is developed as the Salem Municipal Airport, which is the site of more than 130 aircraft hangers and businesses. The facility also operates and the Oregon National Guard's Army Aviation Support Facility.

South: The property to the south of the Subject Property is developed with various government and commercial office buildings.

West: The property to the west of the Subject Property is partially vacant and partially developed with IMEX Global facilities. IMEX manufactures printer toner for companies that refill printer cartridges.

The proposed use is compatible with the surrounding uses and will not impact further development in the vicinity. This criterion is satisfied.

III. CLASS 3 SITE PLAN REVIEW CRITERIA AND PROPOSED FINDINGS

Sec. 554.010. - Development standards.

Development within the IG zone must comply with the development standards set forth in this section.

SRC 554.010(a) – IG Zone Lot Standards:

The Lot Standards for the IG Zone are set forth in table 554-2. 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.

Proposed Finding: The Subject Property has approximately seven hundred fifty-seven feet of frontage along Ewald Avenue SE and approximately three thousand feet of frontage along Airway Drive SE. This criterion is satisfied.

SRC 554.010(b) – IG Zone Setbacks:

The Setback Standards for the IG Zone are set forth in table 554-3 and 554-4.

North: Adjacent to the north is an IG (General Industrial) zone. The Subject Property's Northern boundary abuts Ewald Avenue, requiring a minimum five-foot building setback. The warehouse building is setback more than five feet from the road.

South: Adjacent to the south is an IBC (General Industrial) zone. There is no building setback required adjacent to an IG zone; vehicle use areas require a minimum five-foot setback.

West: Adjacent to the west is the building housing Boman Digital Radio, which is also zoned IG (General Industrial), requiring a minimum five-foot building setback. The warehouse building is setback more than five feet from the Boman Digital Radio Building.

East: Adjacent to the east is the parking lot for the Subject Property and on the other side of the parking lot is an industrial building housing Martin Metal Fabricators within the IG (General Industrial) zone. There is no building setback required adjacent to an IG zone; vehicle use areas require a minimum five-foot setback.

Proposed Finding: The existing Building is one improvement located on a large tax lot (TL 100) owned by the City. The setback analysis has been provided for the closest buildings in each direction. The Building is well within the established setbacks associated with the abutting tax lots as well as internal setbacks, as set forth above. The proposed 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. This criterion is satisfied.

SRC 554.010(c) - Lot Coverage, Height:

The Lot Coverage and Height Standards for the IG Zone are set forth in table 554-5. There is no maximum lot coverage standard. The maximum height in the IG zone is 70 feet.

Proposed Finding: The proposed development does not modify the lot coverage or height of the existing building. The proposed development complies with the lot coverage and maximum height standards of the IG zone. This criterion is satisfied.

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 chapters 806 and 807.***

Proposed Finding: The proposed development includes an interior tenant improvement and change of use within an existing building. The setbacks adjacent to Ewald Ave SE and adjacent to the vehicle use areas are currently landscaped. Changes to the exterior of the Subject Property is not part of the proposed development. This criterion is satisfied.

Off-Street Parking, Loading, and Driveways

SRC 806.005 - Off-Street Parking; When Required.

- (a) General applicability. Off-street parking shall be provided and maintained as required under this chapter for:***
 - (2) 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 or in the following locations:

- (b) Nonresidential zones. Within commercial, mixed-use, public, and industrial and employment zones, other than the CB, WSCB, and SWMU zones, required off-street parking may be located within 500 feet of the development site containing the use or activity it serves.***

SRC 806.015 - Amount of Off-Street Parking.

- (a) Minimum required off-street parking.** Unless otherwise provided under the UDC, off-street parking shall be provided in amounts not less than those set forth in Table 806-1.
- (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.

Proposed Finding: According to Table 806-1 the proposed use requires 0.75 spaces per employee or 1 space per 5,000 square feet of floor area. The proposed heavy manufacturing use will employ ten (10) employees, requiring a minimum of eight (8) off-street parking spaces ($10 \times 0.75 = 7.5$). Per Table 806-2, the maximum number of off-street parking spaces allowed is twenty (20). The existing off-street parking area contains fourteen (14) spaces that serve the Building, none of which are compact parking spaces. Carpool/vanpool spaces are not required for the proposed heavy manufacturing and general manufacturing use. Since the current number of parking spaces falls within the minimum and maximum number allowed, this criterion is met.

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.**

Proposed Finding: The proposed development includes no changes to parking. This section is not applicable.

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

Proposed Finding: The proposed use would occupy existing building that is approximately 34,650 square feet in size, therefore, twelve (12) bicycle parking spaces are required for the proposed use. The site plan indicates the proposed location for the necessary bicycle parking spaces. This criterion is satisfied.

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.***

Proposed Finding: The proposed bicycle parking spaces for the building must meet the requirements of SRC 806.060. This criterion is satisfied.

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.

No loading space is required for a heavy manufacturing use under 5,000 square feet.

Proposed Finding: The proposed 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. This criterion is satisfied.

Natural Resources

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. No protected trees have been identified on the site plan for removal.

SRC 809 - Wetlands: According to the Salem-Keizer Local Wetland Inventory (LWI), there are no mapped wetlands on the Subject Property. No improvements to the exterior of the building are proposed, and no wetland permit is required.

SRC 810 - Landslide Hazards: The Subject Property is not located within a geological hazard area. No geological assessment is required for the proposed development.

Criterion 2:

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

Proposed Finding: The existing street system is adequate to serve the proposed use and the use is unlikely to generate additional daily vehicle trips to a degree that will negatively impact the transportation system.

Criterion 3:

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

Proposed Finding: The driveway access onto Ewald Ave SE provides for safe turning movements into and out of the property. There is no proposed change to the exterior of the building. This criterion is satisfied.

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.

Proposed Finding: The Public Works Department has reviewed the Applicant's utility plan for this site. The water, sewer, and storm infrastructure are available within surrounding streets/areas and appear to be adequate to serve the proposed development. The Applicant does not show any

new connections to public infrastructure. The City's utility maps for the Subject Property and general vicinity is attached hereto as **Exhibit "E"** This criterion is satisfied.

IV. CONCLUSION

Applicant's request complies with the relevant criteria as set forth above. As such, Applicant respectfully requests that this consolidated conditional use permit and Class 3 Site Plan Review request be APPROVED.

**Business Group, Inc.**

March 7, 2019

City of Salem
Planning Division
555 Liberty Street SE
Salem, OR 97301

Re: Conditional Use Application- Processing Procedure for Hemp Oil

To whom it may concern:

Business Group Inc. and its partner entities (BGI) are in the process of establishing a Hemp Processing facility in an existing manufacturing facility. BGI and its associated entities are licensed by the Oregon Department of Agriculture to grow, cultivate, harvest, and process Agricultural and Industrial Hemp for the extraction of Hemp Oil. BGI is applying for a Conditional Use Permit which would allow for Heavy Manufacturing in a General Industrial zone. Hemp Manufacturing is identified as a conditional use in this zone.

This project consists of a manufacturing use in an approximately 15,000 square foot tenant space in an 34,650 square foot existing building with eventual plans to expand into the remainder of the building. The business's primary process is the extraction of the oils from hemp plants. The oil extraction process will occur in a portion of the facility and is classified as "Heavy Manufacturing" by the City of Salem UDC which requires a Conditional Use permit.

Hemp Processing is done through ethanol extraction. BGI soaks agricultural hemp in vats measuring between 3,000- and 5,000-gallon vats which extracts the oil from the organic matter. The oil is then separated from the slurry using -40-degree temperatures or below, which is attained through the use of dry ice and/or a large chiller. The resulting liquid is then run through a filtration system and then the oil is distilled using a falling film and roto-vaporization system, which allows the ethanol to be recovered and recycled while the hemp oil is bottled or processed further. This further processing will require the storage of biomass on site and may necessitate the installation of an industrial dryer on the exterior of the building.

BGI's proposed use of the property will include incorporating the refined hemp oil into a variety of food and cosmetic products, including but not limited to, pasta, olive oil, creams, lotions, and tinctures along with a variety of other retail products allowable under a Conditional Use Permit. BGI is also requesting that the Conditional Use Permit cover an additional enclosed extraction system that will allow for further refinement of the hemp oil via a wiped film enclosed system or a short path system. This allows for further refinement of the hemp oil into a water-soluble powder which is a retail ready product.

The potential impacts on the immediate neighborhood will be minimized through several safe guards implemented on the property. BGI will be installing an interior and exterior surveillance system that will be remotely accessible to its Warehouse Manager, Director of Operations, Chief Executive Officer, as well as, an outside security monitoring service. Unlike marijuana processing facilities, none of the products present at the facility are controlled substances

EXHIBIT D



Business Group, Inc.

and all of them are accessible over-the-counter at a typical grocery store. Therefore, the security risks associated with the facility are not as significant as those associated with marijuana processing.

The filtration and processing systems used in hemp processing are fully enclosed and the noise associated with the processing system is confined to the pumps used to circulate the liquids through the extraction process. The internal filtration system captures any odors or fumes released through the extraction process and the delivery of raw materials, extraction process, and shipping of final products is unlikely to create dust as the parking and loading areas are fully paved.

Sincerely,

A handwritten signature in black ink, appearing to read 'Don Wyant', written over a horizontal line. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Don Wyant, CEO Business Group Inc.



MEMO

TO: Pamela Cole, Planner II
Community Development Department

FROM: Glenn J. Davis, PE, CFM, Chief Development Engineer
Public Works Department

DATE: June 17, 2019

**SUBJECT: PUBLIC WORKS RECOMMENDATIONS
CU-SPR19-02 (19-109547-RP)
2490 EWALD AVENUE SE
CONDITIONAL USE AND INTERIOR IMPROVEMENTS**

A handwritten signature in blue ink, appearing to read "Glenn J. Davis", located to the right of the "FROM:" field.

PROPOSAL

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.

SUMMARY OF FINDINGS

The proposed development meets applicable criteria related to Public Works infrastructure.

FACTS

Streets

1. Ewald Avenue SE
 - a. Standard—This street is designated as a Local street in the Salem TSP. The standard for this street classification is a 30-foot-wide improvement within a 60-foot-wide right-of-way.
 - b. Existing Conditions—This street has an approximate 40-foot improvement within an 80-foot-wide right-of-way abutting the subject property.

Storm Drainage

1. Existing Conditions

- a. A 10-inch storm main is located in Ewald Avenue SE.
- b. East Fork of Pringle Creek abuts the northern side of Ewald Avenue SE.

Water

1. Existing Conditions

- a. The subject property is located in the G-0 water service level.
- b. A 6-inch water main is located in Ewald Avenue SE. Mains of this size generally convey flows of 300 to 600 gallons per minute.

Sanitary Sewer

1. Existing Conditions

- a. An 8-inch sewer main is located on the property and in Ewald Avenue SE.

CRITERIA AND FINDINGS

Analysis of the development based on relevant criteria in SRC 220.005(f)(3) is as follows:

Criteria: SRC 220.005(f)(3)(A) The application meets all applicable standards of the UDC (*Unified Development Code*)

Finding—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.

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.

According to the Salem-Keizer Local Wetland Inventory (LWI), the subject property does not contain any wetland areas.

According to the City's adopted landslide hazard susceptibility maps and SRC Chapter 810 (Landslide Hazards), there are no mapped landslide hazard areas on the subject property.

Criteria: SRC 220.005(f)(3)(B) The transportation system provides for the safe, orderly, and efficient circulation of traffic into and out of the proposed development, and negative impacts to the transportation system are mitigated adequately

Finding—Ewald Avenue SE meets the right-of-way width and pavement width standards per the Salem TSP; therefore, no additional street improvements are required as a condition of the proposed development.

Criteria: SRC 220.005(f)(3)(C) Parking areas and driveways are designed to facilitate safe and efficient movement of vehicles, bicycles, and pedestrians

Finding—The existing driveway accesses onto Ewald Avenue SE provide for safe turning movements into and out of the property.

Criteria: SRC 220.005(f)(3)(D) The proposed development will be adequately served with City water, sewer, storm drainage, and other utilities appropriate to the nature of the development

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

Prepared by: Jennifer Scott, Program Manager
cc: File