



CITY OF BANNING STAFF REPORT

TO: CITY COUNCIL

FROM: Arturo Vela, Interim City Manager

PREPARED BY: Mark Staples, Planning Manager
David Newell, Community Development Director

MEETING DATE: September 23, 2025

SUBJECT: Consideration of Resolution 2025-135 Approving a Cannabis Conditional Use Permit (CUP) Application Case No. PLN 24-0107, by Flower Dept, LLC to Allow for the Commercial Cultivation of Cannabis (Project) within an Existing 8,041-square foot Industrial Building at 200 John Street, in the Industrial (I) Zoning District (APN 541-220-006)

RECOMMENDATION:

Adopt Resolution 2025-135.

BACKGROUND:

The project applicants are requesting a Cannabis – Conditional Use Permit to operate the commercial cultivation of cannabis within an existing 8,041 square-foot vacant industrial building located at 200 John Street (Project). The project applicants are also proposing tenant improvements to the interior building consisting of grow rooms, dry/trim/harvesting rooms, office/security room, storage room, break room, and employee restrooms.

The Project will include an access easement by a paved driveway off Galleher Way. The property owner, Flower Dept., LLC, has negotiated an access easement at the end of a cul-de-sac on Galleher Way to allow vehicle ingress/egress to the Project across the eastern portion of the property at 313 Galleher Way. Project access off John Street will be closed to all vehicles. Project-related business traffic will be conducted exclusively through the new, dedicated ingress/egress easement on Galleher Way.

One condition that the Planning Commission recommended, but staff is not pursuing, for this project before the City Council, is related to the access easement from Galleher Way to the project site. The Commission recommended that the project switch from a recorded access easement across the property at 313 Galleher Way to the project site, to a Lot Line Adjustment that alters both properties shape to provide 200 John Street its own frontage along the cul-de-sac of Galleher Way. Staff in the Planning and Public Works Departments have processed a draft access easement that is ready to record pending approval of the project. A change in process would unnecessarily result in more staff time, applicant's surveyor's time, and added expenses to the project. Access easements across properties are a common practice in commercial shopping centers and industrial properties. Both processes provide the same permanent recorded access to the project site. The property owners of 200 John Street and 313 Galleher Way have tentatively agreed to the access easement. Staff recommends continuing with the access easement and require that it is to be recorded prior to issuance of Certificate of Occupancy.

Zoning:

The Zoning District is Industrial (I). The use is permitted under Title 17 of the Banning Municipal Code (BMC) that provides Cannabis Commercial Indoor cultivation subject to approval of a Cannabis – Conditional Use Permit by the City Council, after recommendation by the Planning Commission (Chapters 17.52 and 17.53 of the Zoning Code).

Additional requirements identified in the Code state the cannabis cultivator must be at least 600-feet from any day care center, youth center, public or private school providing instruction in any public or private school setting, up to and including High School. The Project is not located within 600 feet of any public or private park. The proposed location of the Commercial Cannabis Cultivation facility is compliant with the above-mentioned requirements.

Address Update:

The project site was originally identified as 200 John Street (APN: 541-220-006). However, due to the establishment of a new vehicular access easement connecting the site to Galleher Way, the City will initiate a formal address change. The site will be recognized as 319 Galleher Way to reflect the new point of access and ensure accurate addressing for public safety, emergency response, and utility coordination.

All future references to the property for permitting, licensing, and compliance purposes will utilize the updated address: 319 Galleher Way, Banning, CA 92220.

Operating Characteristics:

The proposed cannabis cultivation facility will operate daily from 6:00 AM to 10:00 PM. Flower Dept., LLC has submitted comprehensive operations plan covering safety, security, odor control, and waste management. Security features include 24/7 video surveillance, proximity card access, alarm systems, secure storage, and on-site security personnel. Inventory control will utilize METRC, with regular audits and robust waste tracking protocols. Odor mitigation/prevention will rely on carbon filtration, and the business will employ water- and energy-efficient practices. The applicant has committed to hiring locally, supporting community engagement, and generating local tax revenue.

PLANNING COMMISSION:**Public Hearing July 9, 2025:**

The Planning Commission conducted a public hearing to make a recommendation to the City Council to either approve, conditionally approve or not approve a Cannabis – Conditional Use Permit (PLN 24-0107) application (Project) submitted by the Project Applicants, Flower Dept LLC.

Commissioners noted that some conditions of approval needed revisions regarding site inspections, screening of loading areas, filtration systems to prevent odors, the business required to have a community relations representative with their contact information publicly available, recording a public access agreement prior to Certificate of Occupancy, and the business to provide quarterly operations reports on community complaints on operations and odor prevention.

Further, the Planning Commission expressed concern regarding whether the Project qualified for a CEQA Categorical Exemption.

The Planning Commission passed a motion to continue the public hearing to a Special Meeting on August 6, 2025.

Public Hearing August 6, 2025:

The Planning Commission continued their public hearing to make a recommendation to the City Council to either approve, conditionally approve or not approve a Cannabis – Conditional Use Permit for the Project.

Planning Staff worked with the project applicants to specifically address Planning Commission concerns involving project operations, focused on cannabis site inspections, odor filtration systems to prevent odors, business community relations and quarterly operation reports. Staff further explored review of CEQA Categorical Exemptions involving cannabis operations.

The project applicants agreed to adding and revising conditions of approval attached herein.

Planning Staff also reviewed CEQAnet (the online source of state CEQA determination filings by all cities, counties, and other agencies) and found that most cannabis projects have utilized the Section 15301 Categorical Exemption. Staff findings disclosed that most cannabis commercial or industrial operations that utilized existing buildings qualified under CEQA Section Categorical Exemption. Categorical Exemption projects also included odor prevention reporting.

Those cannabis projects that required further CEQA analysis through a Mitigated Negative Declaration (MND) or Environmental Impact Report (EIR) involved new larger ground up construction or large outdoor growing and cultivation facilities (i.e. 30,000 s.f. or greater properties/greenhouses). Other cannabis facilities involved indoor cultivation have discussed odor mitigation plans but have not considered those emanating from cannabis growth and harvesting as part of a greenhouse gas (GHG) emissions air quality analysis. For projects with new construction, the Air Quality analysis involved more discussion on the emissions from grading activities and construction equipment and less about odors from the cannabis activity. Most projects were conditioned to submit regular odor mitigation reporting similar to what is conditioned for this project.

At the conclusion of the August 6, 2025 meeting the Planning Commission voted 3-2 and adopted Resolution 2025-06 recommending the City Council approve the Project application and making a determination that the project qualifies as a Categorical Exemption per the CEQA Guidelines Section 15301 for Existing Facilities.

DESCRIPTION:

Existing Conditions:

The project site consists of an existing, single-story, 8,041-square-foot industrial building. The structure is currently vacant. The 0.61-acre net lot is paved and contains no outdoor storage. The site is flat, developed, and not subject to environmental constraints.

In the tables that follow are the adjacent street conditions and surrounding properties uses, general plan designations, and zoning designations.

<i>Existing Street Improvement Conditions</i>			
<i>Street Name</i>	<i>Travel Lanes</i>	<i>Curb & Gutter</i>	<i>Sidewalk</i>
Galleher Way	Y	Y	Y
<i>Surrounding Property</i>	<i>Existing Land Use Per Chapter 17</i>	<i>Existing General Plan Designation</i>	<i>Existing Zoning Designation</i>
<i>Subject Property</i>	<i>Industrial</i>	<i>Industrial</i>	<i>Industrial</i>
North	Railroad/Public Facility	Public Facilities – Railroad/Interstate (PF-RI)	PF-RI
South	Industrial Building	Industrial	Industrial
East	Power Plant	Industrial	Industrial
West	Industrial Building	Industrial	Industrial

Project Compliance with Standards:

Pursuant to BMC Section 17.12.030, the following development standards apply:

<i>Industrial Zone Standard</i>	<i>Required/ Allowed</i>	<i>Provided</i>	<i>Compliance</i>
Min. Lot Size	10,000 SF	25,265 SF	Y
Min. Lot Width (Feet)	70	386' - 10 3/8" North 252' - 2" South	Y
Min. Lot Depth (Feet)	100	110' 1"	Y
Min. Setbacks (Feet)			
· Front (South)	10'	10'	Y
· Street Side (East)	10'	10'	Y
· Side (West)	0'	0'	Y
· Rear (North)	0'	0'	Y
Max. Bldg. Coverage	60%	32%	Y
Max. Building Height	2 Stories 50 Feet	1 Story 24'-11"	Y
Perimeter Wall Height			
· North	8 Feet	6' fence	Y
· South	8 Feet	New 6' block wall to screen w/sliding gate	Y
· East	8 Feet	6' fence	Y
· West	8 Feet	6' fence	N/A
Trash Enclosure	Screened 6' High (bin)	Y 6'	Y Y
Mechanical Equipment	3'-6" High (cans) Screened	Screened	Y

Pursuant to BZO Section 17.28.040, the following parking standards apply:

<i>Use</i>	<i>SF or # of Units</i>	<i>Parking Ratio</i>	<i>Required</i>	<i>Provided</i>	<i>Compliance</i>
Indoor Cannabis Cultivation	8,041 SF	2+ 1/1,000 SF	10	N/A	
Office (two)	116	1/200	1	N/A	
TOTAL SPACES:			11	11	Y

Regular and Handicap Spaces:	2 ADA	9 Regular	
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Site Plan:

The proposed project is located on a 0.61-acre parcel developed with an existing 8,041-square-foot industrial building. The building is centrally located on the site, with vehicle access exclusively via a new access easement at the northern terminus of Gallaher Way. Access from John Street will be permanently restricted. Parking and driveway areas, totaling approximately 6,436 square feet, are located on the south and east sides of the building, with two spaces on the north side of the building, and are separated from the public street, consistent with BMC 17.12.110(H) and (O).

The site layout avoids expansive parking fields and instead clusters parking to support the primary use, in line with BMC 17.12.100(J). The layout allows for efficient vehicular circulation while minimizing pedestrian conflict, as encouraged by BMC 17.12.100(C) and BMC 17.12.110(K). While this is a single-use building, it is oriented to the internal access point rather than the public right-of-way, given the nature of its industrial use and access requirements. Loading areas are confined to the south side/rear of the site, and will be screened with a 6-foot high decorative block wall, in compliance with BMC 17.12.100(H).

Mass and Scale:

The Project involves the reuse of an existing single-story industrial building totaling 8,041 square feet. No additions or exterior structural changes are proposed, and the height, bulk, and overall mass will remain consistent with the original construction. The building is typical in size and scale for the Industrial (I) zoning district and is compatible with surrounding development.

The Project site upgrades and proposes, new landscaping, secured access from Galleher Way, and screened parking, support improved site functionality. The project maintains a low profile, consistent with the surrounding built environment, and requires no transition in height or mass due to the compatible design with adjacent industrial uses.

JUSTIFICATION:

In order to approve the Cannabis – Conditional Use Permit application, Case PLN 24-0107, the City Council is required to make findings pursuant to Chapter 17.52 of the BMC Zoning Ordinance, and Chapter 17.53 of the BMC Zoning Ordinance, Section 17.53.060. Procedures and Findings for Approval of Cannabis Conditional Use Permit. The Planning Commission recommended approval of the Cannabis – Conditional Use Permit application for Case PLN 24-0107 pursuant to the findings in Planning Commission Resolution 2025-06. The findings are included in the draft resolution attached to this report.

Finding A: The proposed use is consistent with the General Plan.

Finding of Fact: The proposed Project cannabis cultivation is consistent with the General Plan’s designation for industrial development in the area, which supports cannabis cultivation, warehousing and office uses. Further, Conditional Use Permit 24-0107 is consistent with General Plan Economic Development Policy, which states: “The City shall take a proactive role in the retention of existing businesses and the recruitment of new businesses, particularly those that generate and broaden employment opportunities, increase discretionary incomes, and contribute to City General Fund revenues.” Approval of proposed Cannabis - Conditional Use Permit Case No. 24-0107 would allow the applicant to promote business diversity, while providing an economic benefit to the City.

Finding B: The proposed use is conditionally permitted with the Industrial zoning district and complies with all of the provisions of BMC Chapter 17 of the BMC.

Finding of Fact: The proposed project complies with the applicable requirements of the Industrial (I) zoning district as outlined in BMC Chapters 17.12 and 17.53. The project meets or exceeds all applicable development standards, including lot size, setbacks, building height, and parking requirements, ensuring

conformance with the zoning ordinance for industrial uses. Table 17.12.020 (“Permitted, Conditional and Prohibited Commercial and Industrial Uses”) of Section 17.12.020 of Chapter 17.12 of Title 17 of the Banning Municipal Code provides that “Cannabis Commercial Indoor Cultivation”, is a conditionally permitted use in the Industrial zoning district. The proposed Cannabis Cultivator complies with all other applicable provisions of Title 17 of the Banning Municipal Code, including the standards set forth in Section 17.12.050.V. applicable to Cannabis Cultivator (Use Specific Development Standards). Lastly, the proposed project complies with the provisions of Chapter 17.53, including standards regarding the premises, personnel, security, cannabis tracking and tracing, signage, waste management, sanitary requirements, and odor control.

Finding C: The proposed use would not impair the integrity and character of the land use district in which it is to be located.

Finding of Fact: The proposed use is located on the former right-of-way of John Street, located in the northern end of Galleher Way. Adjacent properties consist of other industrial uses, including cannabis cultivation, towing yards, plumbing supply, and energy management. Access ingress/egress to the Project is via an access easement at the north end of the Galleher Way. It is anticipated that the area would contain indoor commercial cannabis cultivation which is conditionally permitted within the City under Banning Municipal Code Chapter 17.53 Cannabis Conditional Use Permits.

Finding D: The subject site is physically suitable for the type and intensity of land use being proposed.

Finding of Fact: The subject site currently consists of an existing industrial warehouse building and the applicant is proposing interior changes to the building to create the growing room setting needed for cannabis cultivation. Furthermore, the project site will utilize existing paved areas for adequate parking, access, and lighting. The building is of adequate size and design to accommodate cannabis cultivation.

Finding E: There are adequate provisions for water, sanitation, and public utilities and services to ensure that the proposed use would not be detrimental to public health and safety.

Finding of Fact: The existing project site and structure are currently tied to the local water, sewer, and Banning Electric Utility public utility system.

Finding F: There will not be significant harmful effects upon environmental quality; natural resources; or neighborhood characteristics.

Finding of Fact: The proposed Cannabis – Conditional Use Permit is exempt from the requirements per Section 15301 of the CEQA Guidelines as the proposed project is utilizing an existing structure with no proposed expansion of the structure or use.

Finding G: The proposed location, size, design, and operating characteristics of the proposed use will not be detrimental to the public interests, health, safety, convenience, or welfare of the City of Banning.

Finding of Fact: The proposed location, design, and operating characteristics of the proposed cannabis cultivation facility will not be detrimental to the public interests, health, safety, convenience, or welfare of the City of Banning and will complement existing cannabis and industrial businesses located on Galleher Way. Cannabis related activities are regulated by the State of California, Bureau of Cannabis Control (BCC). The applicant must maintain a valid BCC license to be compliant with the Banning Municipal Code and BCC. If determined for good cause that the continuance of such license would be contrary to the public safety and welfare, the City of Banning and the BCC are authorized to suspend or revoke any license.

ENVIRONMENTAL DETERMINATION:

Planning staff has determined that the project qualifies for a Class 1 Categorical Exemption under the California Environmental Quality Act (CEQA), pursuant to CEQA Guidelines Section 15301 – Existing Facilities. This exemption applies when a project involves interior or exterior tenant improvements, maintenance, permitting, or licensing of an existing structure where there is negligible or no expansion of use or capacity.

This project involves converting an existing 8,041-square foot vacant industrial building into a cannabis

cultivation facility through tenant improvements only, such as partitioning, HVAC, electrical upgrades, and plumbing, with no change to the exterior footprint, height, or building coverage. The site is fully developed and served by existing utilities, and it is not located on environmentally sensitive lands or hazardous sites. There is no evidence of cumulative impacts or unusual circumstances that would affect scenic or historic resources, as similarly concluded for prior cultivation projects in the City. The proposed project and cultivation business is subject to the submission of quarterly reports that outline their operations and cataloguing nuisance odors and other community complaints.

Based on these considerations, the project meets the criteria for a Class 1 exemption. A Notice of Exemption will be filed with the Riverside County Clerk following the City Council's approval.

FISCAL IMPACT:

Economic Benefit:

The Project Applicants anticipate 6-10 full-time employment positions created by the Project. The Project Applicant has committed to hiring locally, supporting community engagement, and generating local tax revenue.

Per BMC 3.17.030(B) a cannabis cultivation facility shall pay to the City an annual cannabis business tax in an amount that is equal to \$15 per square foot of canopy space. Should the business utilize 6,000 square feet of double stacked canopy space, the annual cannabis business tax should equate to approximately \$180,000 per year.

ALTERNATIVES:

N/A

BUDGETED?:

Yes

CONTRACT/AGREEMENT:

No

ATTACHMENTS:

1. [1. PLN 24-0107 CC RESO 09232025.docx](#)
2. [2. PLN 24-0107 CC COA 09232025 .v1.docx](#)
3. [3. PLN_24-0107_Map_Exhibits 09232025.pdf](#)
4. [4. PLN 24-0107 CC Plan Sets 09232025.pdf](#)
5. [5. APPROVED-PC_Minutes_ 08062025.pdf](#)
6. [6. APPROVED-PC_Minutes_07092025.pdf](#)
7. [7. APPROVED-PC_Resolution_08062025.pdf](#)
8. [8. PLN_24-0107 PC__COA_08062025.pdf](#)
9. [9. PLN_24-0107_Flower_Dept_LLC_Application.pdf](#)
10. [10. PLN 24-0107 CEQAnet DCC Filings.09232025.pdf](#)
11. [11. CITY COUNCIL PUBLIC NOTICE_PLN 24-0107_09232025 -.pdf](#)
12. [12. PLN 24-0107 NOE.pdf](#)
13. [200 John St_PLN 24-0107_affidavit.pdf](#)