

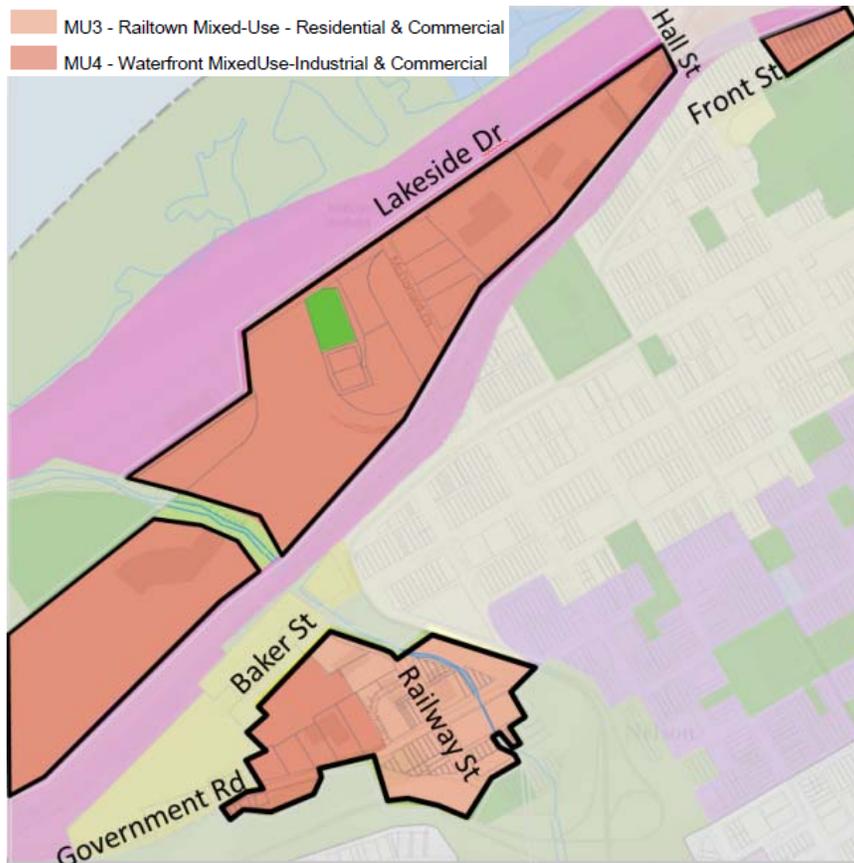
THE CORPORATION OF THE CITY OF NELSON  
**ZONING BYLAW AMENDMENT**  
TAKE NOTICE that the Corporation of the City of Nelson  
proposes to amend the Zoning Bylaw No. 3199, 2013



**PUBLIC HEARING**

**What is proposed and where?**

The proposed Zoning Amendment Bylaw No. 3474, 2019 would rezone MU3 (Railtown Mixed-use Residential & Commercial) and MU4 (Waterfront Mixed-use Industrial & Commercial) parcels to allow more uses to enhance vitality, as outlined in the Railtown Sustainable Neighbourhood Action Plan. Proposed uses include cannabis micro-processing, indoor urban agriculture, art gallery & museum, early childhood development centre, entertainment facility, mobile vending, health, social and care services, fire hall, offices and others.



**Do you have something to say?**

Nelson City Council will hold a Public Hearing for the proposed Bylaw on:

**Monday, February 3, 2020 at 6:00 pm**

City Hall, Council Chambers, 2nd Floor 310 Ward Street, Nelson, BC, at which time and place all persons who deem their interests are affected by the amending bylaw may be heard. Written submissions for or against the amendment can be read or verbal submissions made at the Public Hearing.

**Unable to attend?**

If you are unable to attend the Public Hearing, written submissions must be delivered to the City of Nelson prior to 2:00 pm on the day of the Public Hearing. All written submissions must include your name and civic address and are public information pursuant to the *Freedom of Information and Protection of Privacy Act*.

Submissions may be delivered by mail or by hand to:

City of Nelson, 101 - 310 Ward Street, Nelson, BC V1L 5S4,  
by email to: [development@nelson.ca](mailto:development@nelson.ca), or by fax to: 250-352-2131.



**Need more  
information?**

Bylaw No. 3474, 2019 is available for review on the City of Nelson website at: [www.nelson.ca/745/Upcoming-Public-Hearings](http://www.nelson.ca/745/Upcoming-Public-Hearings) or inspected at the front counter of Development Services & Engineering at:

City Hall, 2nd Floor, 310 Ward Street, Nelson, BC from 8:30 am to 4:30 pm, Monday to Friday inclusive from the date of this notice until February 3<sup>rd</sup>, 2020.

**Questions should be directed to Development Services staff prior to the public hearing to [kaasen@nelson.ca](mailto:kaasen@nelson.ca).**

**THE CORPORATION OF THE CITY OF NELSON  
BYLAW NO. 3473, 2019**

**A BYLAW TO AMEND "THE CITY OF NELSON  
ZONING BYLAW NO. 3199, 2013"**

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The Council of the Corporation of the City of Nelson considers it desirable and expedient to amend "The City of Nelson Zoning Bylaw No. 3199, 2013" (hereinafter called "the said bylaw");

The Council of the Corporation of the City of Nelson, in open meeting assembled enacts as follows:

1. That Part 1 Interpretation Section 1.1 Definitions of the said bylaw be amended by:

a. Adding two new definitions as follows:

**"CANNABIS MICRO-PROCESSING"** means the packaging and micro processing of cannabis as licensed under the *Cannabis Act*, but excludes Cannabis Operation and Cannabis Retail Store.

**"INDOOR URBAN AGRICULTURE"** means the indoor production of plants and fungi for wholesale or retail sale including but not limited to, mushrooms, sprouts, vegetables and herbs but excludes the cultivation of cannabis and activities that emit hazards or light pollution.

b. Adding to the end of the definition of "Custom Indoor Manufacturing" the following: "prototypes and product design, innovation and incubation spaces. May include accessory retail sales, educational programming, product sampling, indoor or outdoor seating, but excludes cannabis products."

c. Adding the word "repair" between "include" and "limited" in the definition of "Retail Store."

2. That the following uses be added to Subsection 5.3.2, Permitted Uses in Section 5.3 MU3, Raintown Mixed-Use – Residential & Commercial Zone:

- a. Art Gallery and Museum
- b. Care Services
- c. Cannabis Micro-Processing
- d. Early Childhood Development Centre
- e. Entertainment Facility
- f. Fire Hall
- g. Health Services

- h. Indoor Urban Agriculture
- i. Multi-Unit Residential
- j. Mobile Food Vendor
- k. Mobile Retail Vendor
- l. Off-Street Parking (subject Section 5.3.3 below)
- m. Printing and Publishing Establishment
- n. Professional and Business Offices
- o. Public Administration
- p. Social Services

3. That Subsection 5.3.3 “Conditions of Use” be replaced as follows:

1. The non-residential use shall be located with direct access to the street.
2. Where a lot is used for a combination of uses that includes residential, the residential use shall:
  - a. be contained in the same building as the other use(s); and
  - b. be located over or behind the other non-residential use.
3. Commercial storage permitted when accessory to a permitted use. Accessory commercial storage use cannot occupy more than 50% of the gross floor area of the building, and shall not be located to have direct street frontage.
4. A maximum of 50% of the gross floor area of a building at street level may be used for off-street parking and shall be located to the rear of the structure.
5. Off-Street Parking accessory to the principle use shall be located to the rear of the principle structure.
6. Off-Street Parking as a principal use shall be subject to a development permit and include extensive landscaping and drainage facilities to minimize runoff.
7. Cannabis Micro-Processing shall be located in an enclosed building with odour controls so that any odour emissions cannot be detected beyond the parcel line of the parcel on which the facility is located.
8. Cannabis Micro-Processing extraction must be conducted by means of non-volatile solvent (butane, propane and hexane are prohibited).

4. That the following uses be added to Subsection 5.4.2, “Permitted Uses” in Section 5.4 MU4, Waterfront Mixed-Use – Industrial & Commercial Zone:

- a. Cannabis Micro-Processing
- b. Fire Hall
- c. Indoor Urban Agriculture

5. That Subsection 5.4.4 "Conditions of Use" be amended by adding:

- 1. Cannabis Micro-Processing shall be located in an enclosed building with odour controls so that any odour emissions cannot be detected beyond the parcel line of the parcel on which the facility is located.
  
- 2. Cannabis Micro-Processing must be conducted by means of non-volatile solvent extraction (butane, propane and hexane are prohibited).

6. This Bylaw may be cited as "**Zoning Bylaw Amendment No. 3473, 2019**".

READ A FIRST TIME the 4<sup>th</sup> day of November 2019  
READ A SECOND TIME the day of November 2019  
PUBLIC HEARING held the day of 2020  
READ A THIRD TIME the day of 2020  
FINALLY PASSED AND ADOPTED the day of 2020

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Mayor

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Corporate Officer

# THE CORPORATION OF THE CITY OF NELSON

## REQUEST FOR DECISION

**DATE:** November 4, 2019 Regular Council Meeting  
**TOPIC:** **Railtown Zoning, Off-Street Parking and Sign Bylaw Amendments**  
**PROPOSAL:** Introduction of Zoning Amendment Bylaw No. 3473, Off-Street Parking and Landscape Amendment Bylaw No. 3474, and Sign Amendment Bylaw No. 3475  
**PROPOSED BY:** Staff

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### **ANALYSIS SUMMARY:**

In 2018, Council adopted a suite of bylaw amendments to facilitate the revitalization of Railtown as envisioned in the Sustainable Neighbourhood Action Plan (SNAP), focusing on Baker Street and its proposed extension to Government Road. Staff are proposing that Council considers the SNAP recommendations for the remainder of Railtown, in order to attract investment into the neighbourhood by enabling more flexibility and options in land use.

Council is now requested to pass introductory readings to the Zoning Amendment Bylaw No. 3473, Off-Street Parking and Landscape Amendment Bylaw No. 3474, and Sign Amendment Bylaw No. 3475.

### **BACKGROUND:**

In 2016 Council endorsed the Railtown SNAP to support anticipated demands for new jobs, better physical and visual connections to downtown and Rosemont, brownfield and ecological restoration, improved public spaces and residential/ commercial mixed use opportunities. Implementation began in 2018 with:

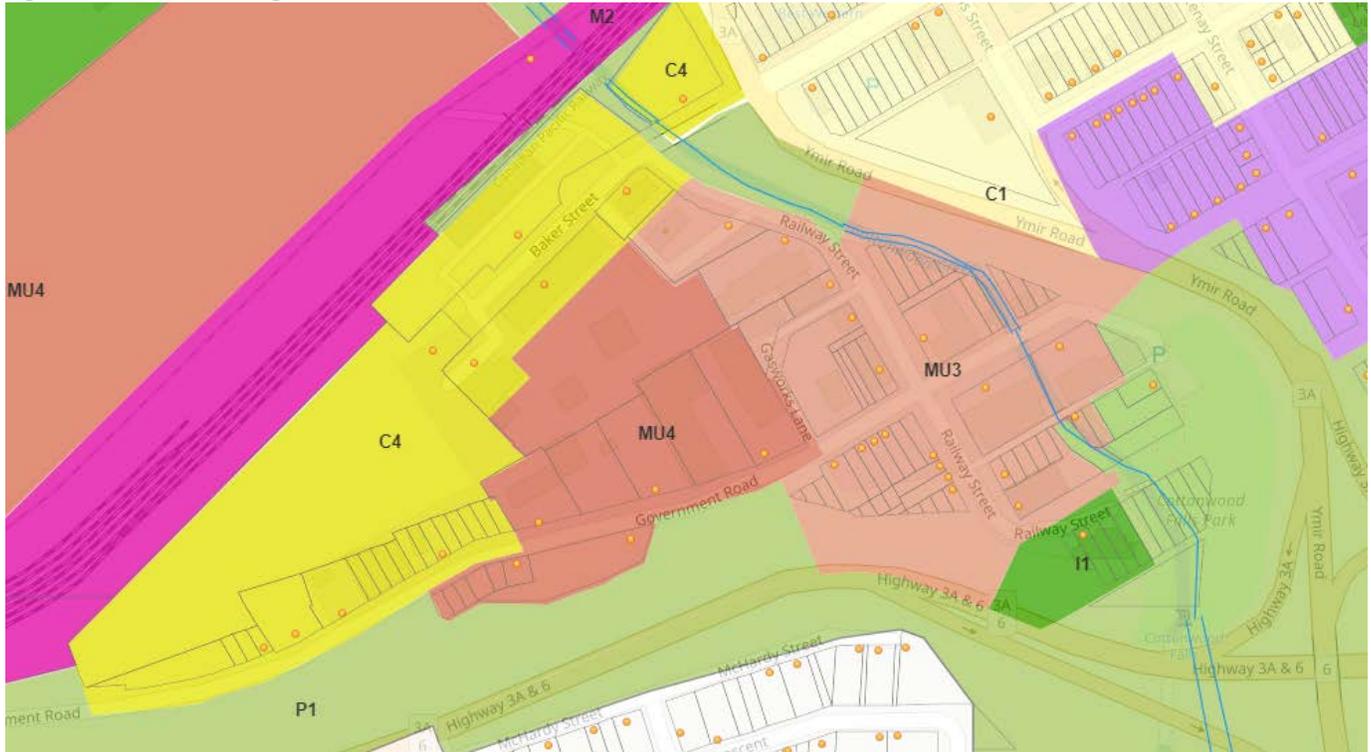
- Amendments to the Official Community Plan (OCP) that requires that all new development in Railtown aligns with the SNAP.
- Creating a new Railtown Core Commercial Zone (C4) to allow Live/Work units, Mechanical Sales and Multi-Unit Residential uses.
- Amending the OCP land use designations and rezoning Railtown C1 (Core Commercial) parcels to C4.
- Under the Off-Street Parking and Landscape Bylaw:
  - including the new C4 zoned parcels in the 'Downtown Parking Area' to enable a relaxation of off-street parking requirements for mixed-use developments that include a residential component, and reduces off-street parking requirements when car-share stall are provided
  - allowing a proportion of required stalls to be accommodated on a newly created street or road as part of a new subdivision/ redevelopment on the Baker Street extension.
- Updating the Subdivision and Development Servicing Bylaw to include standards for works and services for the new C4 zone.

### **PROPOSAL:**

Staff is presenting for Council's consideration proposed amendments to the Zoning, Off-

Street Parking & Landscaping and Sign Bylaws to continue implementing the vision of the SNAP in the remainder of Railtown (south of Baker Street), and to reflect community input and feedback from City Departments. The proposal was forwarded to the following Departments and external agencies: Nelson Hydro, Fire and Rescue Services, Public Works, Development Services & Engineering, Information Technology, Cultural Development Officer, Ministry of Transportation and Infrastructure, Regional District of Central Kootenay and the Ministry of Environment. Of note was a request from the Fire Services to permit a Fire Hall use in Railtown.

Figure 1: Railtown zoning



Zoning Bylaw amendment:

The proposed zoning changes include the following (see the draft Bylaw in Attachment 1):

1. Add the following uses to the **Railtown Mixed-Use–Residential & Commercial (MU3) Zone:**
  - Art Gallery and Museum
  - Care Services (i.e. assisted living units, nursing homes, and group homes)
  - Early Childhood Development Centre
  - Entertainment Facility (i.e. auditorium, bowling alleys, night clubs, theatres, cinemas)
  - Health Services (i.e. medical and dental clinics, counseling services, dispensing/sales)
  - Fire Hall
  - Multi-Unit Residential
  - Mobile Food Vendor
  - Mobile Retail Vendor
  - Off-Street Parking (subject to conditions outlined below)

- Printing and Publishing Establishment
  - Professional and Business Offices
  - Public Administration
  - Social Services Centre (i.e. counseling, advocacy, food or clothing; emergency shelter)
  - New definition: **Indoor urban agriculture** - the indoor production of plants for wholesale or retail sale, including culinary mushrooms, sprouts, vegetables and herbs but excludes the cultivation of cannabis and activities that emit hazards or light pollution. (*The Zoning Bylaw prohibits odorous, toxic or noxious matter or vapours or noise exceeding 65 decibels over a one hour period to be emitted across lot lines.*)
2. Add the following conditions of use to the MU3 zone to compliment the best practices for off-street parking regulations in the Railtown Core Commercial (C4) zone:
    - Off-street parking accessory to the principle use shall be located to the rear of the principle structure.
    - A maximum of 50% of the gross floor area of a building at street level may be used for Off-Street Parking and shall be located to the rear of the structure.
    - Off-Street Parking as a principal use shall be subject to a development permit and include extensive landscaping and drainage facilities to minimize runoff.
  3. Unbind commercial uses from residential in the MU3 zone (currently commercial uses are only permitted when combined with residential dwelling units, and residential uses are only permitted when combined with a non-residential use).
  4. Enable in the **Waterfront Mixed-Use – Industrial & Commercial Zone (MU4)** “Fire Hall” and the new use category “Indoor Urban Agriculture” for Railtown parcels.
  5. Enable more creativity in food, beverage and artisan manufacturing by adding the underlined wording to the following definition:
 

*“Custom Indoor Manufacturing” means a use providing for small scale on-site indoor production of goods by hand, manufacturing primarily involving the use of hand tools. Typical uses include but are not limited to: toy and musical instrument manufacturing, specialty food and beverage products, blacksmiths, artist studio, pottery studios, woodworking, textiles prototypes and product design, innovation and incubation spaces. May include accessory retail sales, educational programming, product sampling, indoor or outdoor seating but excludes cannabis products.*
  6. Amend the definition of “Retail Store” to enable accessory repair in order to reflect current land uses; the change would apply throughout the City.

Off-Street Parking and Landscape Bylaw amendment

Expand the Downtown Parking Area to include Railtown Mixed-Use – Residential & Commercial (MU3) Zoned parcels, (see draft bylaw in Attachment 2): extend the incentives for mixed-use developments – reduced parking requirements for commercial/

institutional-residential developments by enabling:

- a. a financial contribution to the City's Active Transportation Reserve Fund in lieu of providing off-street parking spaces for new buildings;
- b. reduced vehicle parking spaces to 50% of the total number that would otherwise be calculated; and
- c. car-sharing to displace four parking spaces for every one car-share stall.

#### Sign Bylaw amendment

Staff is proposing to include MU3 (Railtown Mixed-Use – Residential & Commercial) Zoned parcels in the Sign Bylaw 'District A' (see proposed bylaw in Attachment 3). This would:

1. Enable sandwich board signs to be permitted on City boulevards in the MU3 zone.
2. Require compliance with the design guidelines, including limitations on specific materials, lighting, location and colors.
3. Reduce the maximum area of a sign from 6.0m<sup>2</sup> to 2.0m<sup>2</sup> and height from 6m to 3m.

#### **BENEFITS OR DISADVANTAGES AND NEGATIVE IMPACTS:**

The proposals are intended to enable a broader range of uses and more vitality in Railtown, as recommended in the SNAP. Several new land uses are proposed for MU3 parcels (Railtown Mixed-Use Commercial/Residential) with few for MU4 parcels (Waterfront Mixed-Use Commercial/Industrial) in order to preserve the City's limited industrial land base. Staff further recommend removing the current regulation forcing mixed-use developments in the MU3 zone, as this was expressed as a barrier to re-development. Instead, Staff recommend encouraging mixed-use through parking relaxation incentives.

The feedback from residents evidenced overall support for the proposed changes, including incentives to encourage mixed-use developments and a request for land for affordable and supportive housing (see notes in Attachment 4). Where Staff heard diverging opinions were in relation to parking relaxations to support mixed-use developments (see notes in Attachment 5). Some Railtown land and business owners expressed concern over any off-street parking reductions, as this is perceived as unfair to businesses that provide the required supply, and may contribute to parking congestion in the area. Staff anticipate that the implementation of the Downtown Parking Strategy will help address congestion in the neighbourhood, although a certain amount of congestion is indicative of a healthy downtown.

#### **LEGISLATIVE IMPACTS, PRECEDENTS, POLICIES:**

All bylaw amendments are required to meet Provincial legislative requirements. As required for the Zoning Amendment Bylaw, a Public Hearing along with required notifications pursuant to the *Local Government Act* and the *Development Applications Procedures Bylaw* will be scheduled following first and second readings.

#### **COSTS AND BUDGET IMPACT - REVENUE GENERATION:**

Infill and redevelopment incentivized by the proposals may provide additional tax revenue.

**IMPACT ON SUSTAINABILITY OBJECTIVES AND STAFF RESOURCES:**

The proposed bylaws advance the vision articulated in the Railtown SNAP, involving brownfield remediation, increasing economic and social vitality and more opportunities for small business to grow and thrive, while increasing the tax base. Advancing this vision is also aligned with Council's Strategic Plan goals of strengthening neighborhoods and expanding local jobs and prosperity.

Adopting the bylaw amendments would minimize Staff time otherwise required to process individual rezoning applications.

**COMMUNICATION:**

Staff engaged Railtown land and business owners and the broader community by:

- Traveling door to door throughout Railtown to connect directly with business owners and extending personal invitations to the Open House (see notes in Attachment 4).
- Providing notice to 50 land and business owners and tenants inviting comment and participation in the Open House.
- Hosting an Open House on September 25, which was attended by roughly 40 members of the public as well as land and business owners from the neighbourhood (see notes in Attachment 5).
- Providing information on the City's website and social media.

Should Council wish to move forward with the proposed bylaws, Staff will hold a Public Hearing to invite further public input.

**OPTIONS AND ALTERNATIVES:**

1. Proceed through the adoption process for the draft amending bylaws.
2. Not move forward on the adoption process for all or some of the draft bylaws.
3. Refer the proposal to staff for more information.

**ATTACHMENTS:**

1. Zoning Amendment Bylaw No. 3473
2. Off-Street Parking and Landscape Amendment Bylaw No. 3474
3. Sign Amendment Bylaw No. 3475
4. Landowner comments
5. Open House report

**RECOMMENDATIONS:**

That Council passes the following resolutions:

1. THAT Zoning Amendment Bylaw No. 3473, 2019 be introduced and read a first and second time by title only.
2. THAT staff schedule a Public Hearing for Zoning Amendment Bylaw No. 3473, 2019.
3. THAT Off-Street Parking and Landscape Amendment Bylaw No. 3474, 2019 be introduced and read a first and second time by title only.
4. THAT Off-Street Parking and Landscape Amendment Bylaw No. 3474, 2019 be read a third time by title only.
5. THAT Sign Amendment Bylaw No. 3475, 2019 be introduced and read a first and second time by title only.
6. THAT Sign Amendment Bylaw No. 3475, 2019 be read a third time by title only.

**AUTHOR:**



PLANNER, DEVELOPMENT SERVICES

**REVIEWED BY:**



CITY MANAGER

### **Landowner comments:**

- Concerns over off-street parking spaces that back directly onto Railway St – 90 degree angle parking requires unsafe maneuvers – angle parking should be required for lots lacking proper egress
- Downtown Parking Area (and parking relaxation for mixed use buildings) should not be reduced, as parking is already congested and out of fairness for current business owners
- Need more enforcement of parking on Saturdays
- Commercial vehicle loading and access concern
- Large commercial vehicles should be restricted from using Government Road/ Railway St (i.e. logging trucks have no need to use this corridor, but frequently observed)
- Support for opening more City lands to parking or building parkade as a parking solution
- Support for the City moving ahead with a Downtown Parking Strategy
- Support for urban agriculture provided there are no additional noise, odor impacts on neighbouring properties
- Support for untying commercial use from residential use in the MU3 zone
- Support for mixed-use developments
- Bring traffic calming measures to Railway Street
- Need better pedestrian access/ sidewalks
- Should have kid-friendly infrastructure at Chamber of Commerce outdoor space (kids are currently climbing on trains and sculptures)
- Need pedestrian access over CP rail – clients/ customers cross the tracks at Cottonwood Creek
- Current parking situation on for CP Freight Shed (on Baker St) is working well
- Concerns about trash, sharps and camping in Cottonwood Falls Park
- Landowners unsure who to reach out to when biohazardous waste found
- Parking congestion related to Saturday market

## Railtown Open House Report

September 25, 2019 Nelson District Rod & Gun Club

Staff attendance: Kristin Aasen, Planner; Pam Mierau, Director of Development Services

Approximately 40 members of the public attended, including Railtown business and landowners, community organizations and other community members. The following comments were received:

- Pleased to see City moving ahead with Railtown Plan
- Local businesses are looking for office space/ land to expand but having difficulty finding appropriate space
- Need more light industrial work spaces
- City should work with partners to connect growing businesses with available/ developable land
- City may serve as a linkage to connect residential developers with commercial/ industrial business owners
- Second floor commercial is desirable, as rents are generally lower than ground floor units
- Support for allowing more flexibility with 'Custom Indoor Manufacturing' – should be allowed tasting rooms, seating
- Would like to see mixed-use, but should not be forced by zoning
- Support for untying link between commercial and residential in MU3 zone
- Support for reduced parking as a means to encourage mixed-use
- Support for preserving MU4 lands (only adding urban indoor farming) and adding new uses to MU3
- Should add multi-family (standalone) to MU3 parcels
- Need land for affordable housing – KADS (Kootenay Affiliate Development Services) is working to bring community members together to make housing more affordable
- Should remove Short-term Rental as a use in Railtown zones
- Need ground floor/ accessible seniors' housing
- Need supportive housing (24 hour staffing for folks with disabilities/ hard to house)

- Should use City owned land for affordable housing
- Concerns regarding contamination in the neighbourhood
- Concerns regarding pedestrian access to Cottonwood Falls Market – should address safety concerns at 4-way stop
- Want to see investment in street trees for shade in the summer
- Would like to see more improvement in Cottonwood Falls Park – as Railtown develops, will need more park space
- Would like to see more investment in cleaning up/ naturalizing Cottonwood Creek
- Would not like to see housing in the market ('Special Development Zone')
- Should allow Cannabis in addition to 'urban indoor agriculture' (unfair distinction between cannabis and alcohol)
- Do not support mushroom cultivation – dangerous
- Mobile Food and Mobile Retail Vendor uses should not be permitted on Baker Street
- Interest in the City's plans for the Coke & Gas Works building – would like to see this made available for local businesses/ local innovation
- Interest in the City's plans for the lands adjacent to the Coke & Gas Works building – would like to see this made available for supportive housing
- Need better transit access to Railtown

**THE CORPORATION OF THE CITY OF NELSON  
REQUEST FOR DECISION**

**DATE:** December 2, 2019 Regular  
**TOPIC:** Zoning Amendment Bylaw No. 3473 (Railtown)  
**PROPOSAL:** Cannabis micro-processing in Zoning Amendment Bylaw No. 3473  
**PROPOSED BY:** Staff

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**ANALYSIS SUMMARY:**

At the November 4, 2019 meeting, Council gave first and second reading to Zoning Amendment Bylaw No. 3473, and first three readings to Off-Street Parking and Landscape Amendment Bylaw No. 3474 and Sign Amendment Bylaw No. 3475. The bylaw amendments are intended to encourage new investment and vitality in Railtown. Based on Council discussion regarding cannabis processing, Council is requested to provide staff direction on a cannabis processing use in Zoning Amendment Bylaw No. 3473 (Attachment 1).

**PROPOSAL:**

Based on recommendations in the Railtown Sustainable Neighbourhood Action Plan (SNAP), Zoning Amendment Bylaw No. 3473 introduced a broader range of uses in MU3 parcels (Railtown Mixed-Use Commercial & Residential) and MU4 parcels (Waterfront Mixed-Use Commercial & Industrial). While proceeding with new uses, Council posed questions regarding the processing of cannabis in Railtown. Staff are proposing that an additional new 'Cannabis micro-processing' use is considered for the MU3 and MU4 zones as follows:

***Cannabis micro-processing** means the packaging and micro processing of cannabis as licensed under the Cannabis Act, but excludes Cannabis Operation and Cannabis Retail Store.*

*Proposed conditions of use:*

- *Cannabis micro-processing shall be located in an enclosed building with odour controls so that any odour emissions cannot be detected beyond the parcel line of the parcel on which the facility is located.*
- *Cannabis micro-processing must be conducted by means of non-volatile solvent extraction (butane, propane and hexane are prohibited).*
- *Drying fresh cannabis is prohibited.*

**BENEFITS OR DISADVANTAGES AND NEGATIVE IMPACTS:**

The literature on the impacts of commercial cannabis is emergent as the industry transitions to one that is legal and regulated. The availability and quality of data, including the applicability and performance of best practices is limited, although improving over time. Council may approach regulating cannabis processing through the precautionary principle or a duty to prevent harm, which suggests that a new process whose ultimate effects are unknown should be resisted. A more risk-tolerant economic development approach would encourage Council to enable cannabis processing in multiple zones with limited restrictions. Staff recommendation is for Council to consider enabling cannabis processing in the MU3 and MU4 zones with rationale for the proposed conditions of use as follows:

### Scale:

Micro-processing means the small scale manufacturing, packaging and labelling of cannabis products sold to other license holders and provincially authorized distributors.<sup>1</sup> Manufacturing is the process in which the raw product is transformed into a concentrate, edible products or a topical product. 'Micro processing' is limited by a maximum processing of 600 kg (1322 lbs) of dried cannabis per year – approximately 42 cubic meters or 260 bathtubs. This compares to 'standard processing,' which is authorized without production limits. Results vary greatly among cultivation methods, although the maximum floor area of 200 square meters for micro-cultivation licenses may result in 600 kg of dried cannabis.

### Odors/ emissions:

The processing of cannabis products can result in odour emissions. The characteristic odour is attributed to the release of chemical compounds known as volatile organic compounds (VOCs).<sup>2</sup> Drying cannabis releases nearly as many VOCs as cultivation, whereas some methods, including CO<sub>2</sub> extraction do not release VOCs. Odour controls are recommended for processing.

### Extraction:

There are two main methods for extracting cannabis oil: solvent and solvent-less extractions<sup>3</sup>.

- A solvent extraction process uses hydrocarbons to remove the active ingredients. Some solvents, such as butane are explosive at ordinary temperatures. Solvents that cannot be recovered from the extraction material are considered hazardous waste and need to be disposed of accordingly. Solvent residuals can be a concern for both environmental and health reasons. The State of California is phasing out "Type 7" licenses which authorize extractions using volatile solvents, such as butane, hexane and propane. Ethanol is acceptable, as it is not considered volatile and thus safer.
- A solvent-less process uses super-critical carbon dioxide, or CO<sub>2</sub> extraction, which produces less waste, is non-flammable, generally non-toxic and does not emit VOCs. The cost of the equipment involved in supercritical CO<sub>2</sub> extraction is much higher than solvent-based extraction.

### Water and energy use:

There is an absence of information regarding the water and energy demands for solvent and non-solvent-based extraction processes; data is limited to cultivation practices for water discharges and the energy demands for indoor cannabis cultivation. Water needs for cannabis processing are anticipated to be lower than other food-processing businesses such as breweries. New commercial users may be monitored to collect baseline data to confirm water use and charge accordingly. Restricting the scale to only micro-processing would further address water use concerns.

Energy consumption associated with light industry is generated through building energy

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1 Government of Canada. (2019). Cannabis Licensing Application Guide: Cultivation, Processing and Sale for Medical Purposes Licences

2 Public Health Ontario. (2018). Evidence Brief: Odours from cannabis production

3 This discussion relies heavily on the literature review in Upland Consulting (2019). Commercial Cannabis Production in British Columbia: Best Available Control Technologies and Regulatory Oversight of Environmental Considerations

(heating, cooling, lighting), and electricity and heat for process, production and direct combustion. CO2 extraction is considered to be energy intensive, although some commercial-scale processors require as little as 100 Amps. The operational energy requirements for 'non-cultivation operations' is estimated at 47,824 kWh/year<sup>4</sup> (for comparison, the BC Hydro average household consumption is 10,800 kWh/year). Nelson Hydro expressed no concern moving forward with enabling a greater diversity of light industrial and other uses proposed in the Railtown project.

#### Security:

Cannabis must be produced, packaged, labeled, stored, sampled and tested indoors.<sup>1</sup> A micro-processing site and associated storage areas must be surrounded by a physical barrier that prevents unauthorized access, and be restricted to individuals who have been transferred security clearances.

#### Built form:

Because retail sales are not currently permitted in association with micro-processing, this use does not contribute to an active pedestrian environment. However the Downtown and Waterfront Development Permit guidelines encourage activation at grade to encourage light industrial uses to contribute to an attractive streetscape, including setback design, building facades, pedestrian entrances.

#### Zoning:

Without a retail component, micro-processing is considered an industrial use. The Railtown SNAP and Sustainable Waterfront and Downtown Master Plan seek to revitalize these areas with light industrial uses. Staff do not consider the storage and handling of volatile solvents to be appropriate for mixed-use zones or in the City's M1 Industrial lots, which are surrounded by residential uses. As such, staff have proposed directing only the safest of extraction methods in the MU3 and MU4 zones.

#### Other communities:

Several BC municipalities have permitted cannabis processing in industrial areas. Staff's research indicates that these facilities have been benign in impact and virtually indistinguishable from other industrial uses. Many California communities have banned extraction methods by volatile solvents because of safety issues around handling materials.

#### Job creation:

Micro-processing generates a number of jobs (quality assurances, cannabis processing, production workers, packing, administration, IT, sales, bookkeeping) as well as spin off employment opportunities (construction, security, accounting, marketing, etc.). Enabling this use may enable more benefits of legalization to be incurred locally, particularly as the industry becomes more high tech.

### **LEGISLATIVE IMPACTS, PRECEDENTS, POLICIES:**

All bylaw amendments are required to meet Provincial legislative requirements. As required for the Zoning Amendment Bylaw, a Public Hearing along with required notifications pursuant to the *Local Government Act* and the *Development Applications Procedures Bylaw* will be scheduled following first and second readings.

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<sup>4</sup> Ascent Environmental. (2017). Environmental Impact Report For the Amendments to Humboldt County Code Regulating Commercial Cannabis Activities SCH# 2017042022

## **COSTS AND BUDGET IMPACT - REVENUE GENERATION:**

Cannabis micro-processing may benefit the City through increased tax revenue.

## **IMPACT ON SUSTAINABILITY OBJECTIVES AND STAFF RESOURCES:**

Expanding the permitted uses to include cannabis processing was not specifically envisioned in the Railtown SNAP, but may increase the tax base by enabling more opportunities for small business. This would advance Council's Strategic Plan goal of expanding local jobs and prosperity.

## **COMMUNICATION:**

Should Council support the staff recommendation, staff would launch a community dialogue and idea generation on cannabis micro-processing through the "Thoughtexchange" platform. Community engagement on cannabis processing has otherwise been limited to date. The City's 2018 cannabis engagement project explored retail sales, consumption and personal cultivation. Staff reviewed the public feedback generated by the Regional District of Central Kootenay cannabis project and found consistent messaging throughout the region that supports micro-processing in order to achieve the community development benefits, while striving to minimize impacts.

Staff anticipate that there may be community support for proceeding with cannabis micro-processing in the City, provided appropriate locations and conditions are established. A public hearing for the Railtown project and Zoning Amendment Bylaw No. 3473 will be held in early January. Staff propose to bring forward the City's ideas and feedback on cannabis processing at the public hearing.

## **OPTIONS AND ALTERNATIVES:**

1. Proceed as recommended: with cannabis micro-processing updates to the Zoning Amendment Bylaw No. 3473, and bring forward at a public hearing.
2. Proceed with previous direction: Not proceed with the cannabis-processing updates to the Zoning Amendment Bylaw No. 3473 but instead move forward as read at the November 4, 2019 meeting.
3. More info: refer the proposal to staff for more information.

## **ATTACHMENTS:**

Zoning Amendment Bylaw No. 3473 (with cannabis micro-processing edits highlighted)

**RECOMMENDATIONS:**

That Council passes the following resolution:

THAT the Zoning Amendment Bylaw No. 3473, 2019 be modified to incorporate the "Cannabis micro-processing" use permitted in the MU3 and MU4 zones along with the associated Conditions of Use in advance of any public hearing or further readings by Council.

**AUTHOR:**

*Kristi Ann*

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PLANNER

**REVIEWED BY:**

*[Handwritten Signature]*

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CITY MANAGER

### 5.3 MU3, RAILTOWN MIXED-USE – RESIDENTIAL & COMMERCIAL ZONE

#### 1. Purpose

The purpose is to provide a zone to accommodate residential development with commercial uses, and limited stand-alone commercial activity in the Railtown neighbourhood.

#### 2. Permitted Uses (Amended by Bylaw 3344, 3392, 3406)

The following uses of land, buildings and structures and no others shall be permitted:

The following commercial uses shall only be permitted when combined with residential dwelling units:

- a. Building Supply
- b. Cannabis Retail Store (subject to section 1.1.12 of Schedule “A”)
- c. Contractor Services, Limited
- d. Craft Brewery/Distillery
- e. Custom Indoor Manufacturing at grade and limited in size to a maximum gross floor area of 500 sq. m. per business.
- f. Live/Work (subject to section 1.1.11 of Schedule “A”)
- g. Market
- h. Mechanical Repair and Service
- i. Neighbourhood Pub
- j. Participant Recreation Services, Indoor
- k. Personal Service Establishment
- l. Residential uses permitted when combined with a non-residential use.
- m. Retail Store
- n. Restaurants
- o. Veterinary Clinic
- p. Short-Term Rental (subject to section 1.1.10 of Schedule “A”)

#### 3. Conditions of Use

1. The non-residential use shall be located with direct access to the street.
2. Where a lot is used for a combination of uses that includes residential, the residential use shall:
  - a. be contained in the same building as the other use(s); and
  - b. be located over or behind the other non-residential use.
3. The work portion of Live/Work shall be any of the non-residential uses permitted, as well as the following uses:
  - a. Professional and business office use

- b. Health services
4. Commercial storage permitted when accessory to a permitted use. Accessory commercial storage use cannot occupy more than 50% of the gross floor area of the building, and shall not be located to have direct street frontage.

**4. Minimum Lot Area and Lot Width**

- a. The minimum lot area shall be not less than 1,000 sq. m.
- b. The minimum lot width shall be not less than 30 m.
- c. In the case of a lot which may be further subdivided, buildings and structures shall be sited so as to facilitate the future subdivision of the lot or adjacent parcels of land.

**5. Lot Coverage**

Buildings and structures shall not cover more than 80 percent of the lot.

**6. Setbacks and Height**

<b>Minimum Setback</b>	
Front lot line	1.5 m
Rear lot line	1.5 m
Accessory Building	1.5 m
Exterior side lot line	1.5 m
Interior side lot line	0.0 m
<b>Siting Exception</b>	
In addition to section 1.2.3. of Schedule "A", awnings, canopies, and lighting may also project from the building face to a setback of 0.0m.	
<b>Height</b>	
Minimum Principal Building	8 m
Maximum Principal Building	20 m
Maximum Accessory Building	4.5 m

7. Waste and recycling requirements shall comply with applicable requirements of section 1.2.9. of Schedule "A".
8. Amenity Areas shall comply with applicable requirements of section 1.2.4. of Schedule "A".

## 5.4 MU4, WATERFRONT MIXED-USE – INDUSTRIAL & COMMERCIAL ZONE

### 1. Purpose

The purpose is to provide a zone to accommodate industrial, commercial and limited accessory residential development within a portion of lands adjacent to the waterfront.

### 2. Permitted Uses (Amended by Bylaw 3344, 3368, 3406)

The following uses of land, buildings and structures and no others shall be permitted:

1.
  - a. Animal Daycare
  - b. Broadcasting Studios
  - c. Building Supply
  - d. Cannabis Retail Store (subject to section 1.1.12 of Schedule “A”)
  - e. Car Wash
  - f. Commercial School
  - g. Commercial Storage
  - h. Retail Warehouse
  - i. Contractor Services General
  - j. Contractor Services, Limited
  - k. Custom Indoor Manufacturing
  - l. Industry, light
  - m. Live/Work (subject to section 1.1.11 of Schedule “A”)
  - n. Mechanical Repair, Service and Sales
  - o. Mobile Food Vendor
  - p. Mobile Retail Vendor
  - q. Neighbourhood Pub
  - r. Off-Street Parking and Structures
  - s. Participant Recreation Services, Indoor
  - t. Printing and Publishing Establishment
  - u. Regional Commercial
  - v. Veterinary Clinic
  - w. Warehouse
  - x. Short-Term Rental (subject to section 1.1.10 of Schedule “A”)
2. One dwelling unit in conjunction with each permitted use in section 5.4.2.1 of Schedule “A” shall be permitted.

**3. Additional Permitted Use – Site Specific** (amended by BL3466)

Permitted Use	Address	Legal Description
Cannabis Operation, provided that the use is contained entirely within an enclosed building	45 Government Road	Parcel A Lot 1 Plan NEP904 District Lot 95 Land District 26 & DL 2627, (SEE 7260I);  Lot 1 Plan NEP904 District Lot 2627 Land District 26 PART SHOWN OUTLINED IN RED ON REF PL 126612I

**4. Conditions of Use**

1. The work portion of Live/Work shall be any of the non-residential uses permitted.

**5. Minimum Lot Area**

- a. The minimum lot area shall be not less than 1,000 sq. m.
- b. The minimum lot width shall be not less than 30 m.

**6. Lot Coverage**

Buildings and structures shall not cover more than 80 percent of the lot area.

**7. Minimum Setbacks and Maximum Height**

Minimum Setback	
Front lot line	0 m
Rear lot line	0 m
Exterior side lot line	0 m
Interior side lot line	0 m
Maximum Height	
Principal Building	As specified in the Downtown and Waterfront Design Guidelines found within the Official Community Plan Bylaw No. 3247, 2013
Accessory Building	4.5 m

8. Waste and Recycling requirements shall comply with applicable requirements of section 1.2.9. of Schedule “A”.