

Exhibit E

**CEQA STATEMENT OF OVERRIDING CONSIDERATIONS
REGARDING THE FINAL ENVIRONMENTAL IMPACT REPORT FOR
EVALUATING THE PROPOSED REGULATION AND PERMITTING OF COMMERCIAL CANNABIS ACTIVITIES
(PUB. RESOURCES CODE §21081(b) & CEQA GUIDELINES §15093)
STATE CLEARINGHOUSE NO. 2019070123**

A. BACKGROUND

CEQA requires decision makers to balance the benefits of the proposed project against its unavoidable environmental risks when determining whether to approve the project. If the benefits of the project outweigh the unavoidable adverse effects, those effects may be considered "acceptable" (CEQA Guidelines Section 15093[a]). CEQA requires the lead agency to support, in writing, the specific reasons for considering a project acceptable when significant impacts are infeasible to mitigate. Such reasons must be based on substantial evidence in the Final EIR or elsewhere in the administrative record (CEQA Guidelines Section 15093[b]). The agency's statement is referred to as a "Statement of Overriding Considerations." The following sections provide a description of each of the project's significant and unavoidable impacts and the justification for adopting a statement of overriding considerations.

B. SIGNIFICANT AND UNAVOIDABLE ADVERSE IMPACTS

According to Section 15355 of the CEQA Guidelines, the term cumulative impacts "refers to two or more individual effects which, when considered together, are considerable or which compound or increase other environmental impacts." Individual effects that may contribute to a cumulative impact may be from a single project or a number of separate projects. Individually, the impacts of a project may be relatively minor, but when considered along with impacts of other closely related or nearby projects, including newly proposed projects, the effects could be cumulatively considerable.

Section 15126.2(c) of the CEQA Guidelines requires that the EIR describe any significant impacts, including those that can be mitigated but not reduced to less-than-significant levels. The following impacts of the project are considered significant and unavoidable based on the Draft EIR and the Draft Final EIR and summarized in the Findings of Fact regarding the Final EIR. The following effects of the project have been determined to be significant and unavoidable after implementation of all feasible mitigation measures.

Summary of Significant Impacts of the Project

Resources	Project Impacts	Cumulative Impacts
Air Quality Impact 4.3-1	NOx emissions during construction would result in temporary increases above the established thresholds. NOx emissions during project operation would exceed SJVAPCD thresholds. Since the project would conflict with the applicable air quality plans by generating criteria pollutants, temporary (construction) and permanent (operation) impacts are considered significant and unavoidable .	Although implementation of mitigation measures 4.3.4-1 and 4.3.4-4 are expected to reduce emissions, exact construction and operational mitigation is on an individual project basis and is unknown at this time. It would be speculative to conclude emissions could be reduced to below the threshold for the total buildout of the Project. For these reasons, the proposed Project would have a significant and unavoidable cumulatively considerable contribution to conflicting with implementation of an applicable air quality plan.
Air Quality Impact 4.3-2	NOx emissions during project operation would exceed SJVAPCD thresholds. Since the project would generate criteria pollutants for which the project region is under non-attainment, permanent (operation) impacts are considered significant and unavoidable .	Although implementation of mitigation measures 4.3.4-1 and 4.3.4-4 are expected to reduce emissions, exact construction and operational mitigation is on an individual project basis and is unknown at this time. It would be speculative to conclude emissions could be reduced to below the threshold for the total buildout of the Project. For these reasons, the proposed Project would have a significant and unavoidable cumulatively considerable contribution to increasing criteria pollutants for which the region is in nonattainment.
Greenhouse Gas Emissions Impact 4.8-1	Although implementation of these mitigation measures are expected to reduce emissions that can impact greenhouse gases, the proposed Project's preliminary GHG analysis demonstrates that the Project will not meet a 29% reduction in GHG emissions from BAU. Therefore, GHG emissions would be considered significant and unavoidable .	Although many other agencies with the necessary jurisdiction are currently taking action to reduce GHG emissions, the City cannot assure that these measures would ultimately be implemented or sufficient to address climate change. Therefore, GHG emissions would be considered cumulatively significant and unavoidable .

C. CONSIDERATIONS IN SUPPORT OF THE STATEMENT OF OVERRIDING CONSIDERATIONS

After balancing the specific economic, legal, social, technological, and other benefits of the proposed project, the City of Fresno ("City") has determined that the unavoidable adverse environmental impact identified above may be considered "acceptable" due to the following specific considerations, which outweigh the unavoidable, adverse environmental impact of the proposed project. The City finds any one of the following overriding considerations would have been sufficient to outweigh adverse impacts.

Aesthetics

Implementation of the project will result in new commercial cannabis facilities, including testing laboratories and retail stores, being located in existing, often vacant and underutilized, buildings and sites. Any new construction would be in full compliance with the City's Building and Zoning Codes and applicable General Plan policies and would result in development that substantially enhances the aesthetic character of the adjacent and surrounding sites.

Objectives and policies included in the Project will facilitate both the prevention and abatement of blight and will encourage the improvement of the visual character of the City. (General Plan Objectives C-18, C-20, C-22) The Project will continue enforcement of the Fresno Municipal Code and will support the prevention of blight by encouraging community partnerships to address litter clean-up, façade improvements, and Graffiti abatement. (General Plan Policies C-18-j, C-20-d, C-21-e) Thus, the project will reduce blight by redeveloping vacant and underutilized buildings and sites, and will fulfill the General Plan goals, objectives, and policies regarding aesthetics and visual character.

Agriculture and Forest Resources

A total of 63 project eligible sites are located in areas designated as Prime Farmland or Farmland of Statewide Importance, according to most recent data from the DOC. This represents a total of 809-acres of the 15,186-acres of eligible sites. The project would support agriculture and production as an integral industry, and will enhance the economic and cultural role of Fresno as a center of agriculture and production systems by conserving farmland through a focus on developing vacant and underutilized land within the established Sphere of Influence of the City, thereby limiting any further urban boundary expansion, and developing urban agriculture within the city and in designated growth areas.

Land Use and Planning

The proposed project would help maintain consistency with and carry out the goals, objectives, and policies of the City of Fresno General Plan, and the applicable Specific, Community, and Neighborhood Plans. The stated goals, objectives, and policies set forth in the City's Land Use and Planning element recognize the need to accommodate new development by providing a full mix of uses to support its population. Providing new retail opportunities would help implement several General Plan goals. Furthermore, the project area is the City of Fresno. The commercial cannabis sites would be designed and improved in accordance with the design guidelines outlined in Chapter 12, Land Use Planning and Zoning, of the City's Municipal Code that would enhance this entry point into the City. The proposed project would help attain the City's goals as outlined in the following General Plan consistency table:

Project Consistency with Local Planning Documents

Goals	Proposed Project Consistency
<p>CITY OF FRESNO GENERAL PLAN Chapter 3. Urban Form, Land Use, and Design</p>	
<p>Policy LU-1-b: Land Use Definition and Compatibility. Include zoning districts and standards in the Development Code that provide for the General Plan land use designations and create appropriate transitions or buffers between new development with existing uses, taking into consideration the health and safety of the community.</p>	<p>Consistent. All commercial cannabis uses will be located in commercial, industrial, or mixed-use zones and in existing improved urbanized areas of the City. All commercial cannabis uses must comply with site specific development standards, including setbacks from sensitive land uses, and a demonstrated compatibility with the surrounding neighborhood. Additionally, each commercial cannabis use will be required to comply with an approved neighborhood responsibility plan to ensure ongoing compliance with the public health, safety, convenience, and welfare of persons residing, working, visiting, and recreating in the surrounding neighborhood, and to ensure that it will not result in the creation of a nuisance.</p>
<p>Goal LU-6. Retain and enhance existing commercial areas to strengthen Fresno’s economic base and site new office, retail, and lodging use districts to serve neighborhoods and regional visitors.</p>	<p>Consistent. All of the retail cannabis uses will be located in existing commercially zoned areas. This new proposed industry will fill vacancies within existing commercial centers and will provide an additional tax base for the City, which will strengthen Fresno’s economic base. These new businesses will also serve neighborhoods and regional visitors.</p>
<p>Policy LU-6-a: Design of Commercial Development. Foster high quality design, diversity, and a mix of amenities in new development with uses through the consideration of guidelines, regulations, and design review procedures.</p>	<p>Consistent. Each individual entitlement process for a cannabis related business will need to abide by the corresponding development standards set forth by the General Plan, Specific, Community, or Neighborhood Plans, and the Fresno Municipal Code and the and proposed text amendment. This will ensure high quality design. The Project proposes several different zone districts for allowance of cannabis businesses to operate. This will produce a diverse mix of amenities in new developments.</p>
<p>Goal LU-7: Plan and support industrial development to promote job growth.</p>	<p>Consistent. A component of the proposed Project will allow for development of commercial cannabis businesses in certain IL (Light Industrial) and IH (Heavy Industrial) zone districts. This will promote</p>

Goals	Proposed Project Consistency
<p>Policy LU-7-c: Efficiency of Industrial Uses.</p> <ul style="list-style-type: none"> • Promote industrial land use clusters to maximize the operational efficiency of similar activities. • Provide access to a range of transportation mode through plans and incentives, ensuring that local, regional, and national connections are available to industrial uses; • Develop a strategy to promote rail-accessible sites for industries that need such capability; and • Ensure timely access to the full range of urban services for industrial development by coordinating proposed plans with the annual and long-range City infrastructure planning. 	<p>job growth within the City and increase tax revenue to fund future projects.</p> <p>Consistent. All cultivation, distribution, and manufacturing cannabis use will be located in industrial zones clustered along the SR-99, SR-180, and within the Cannabis Innovation Zone. These clusters will maximize the operational efficiency of similar activities, by complying with the following project location and design requirements.</p> <ul style="list-style-type: none"> • Be served by highways adequate in width and improved as necessary to carry the kind and quantity of traffic such use will generate. • Be provided with adequate electricity, sewerage, disposal, water, fire protection and storm drainage facilities for the intended purpose. • Conform to the General Plan, any applicable specific plans, master plans, and design requirements.
<p>Policy LU-7-e: Shared Parking for Industrial Uses. Promote use of shared surface parking and other arrangements necessary to meet industrial needs with updated parking regulations.</p>	<p>Consistent. Cannabis Commercial Businesses will be located in a Cannabis Innovation Zone, Cannabis Innovation Hub, or Light Industrial/Heavy Industrial zones within proximity to local highways. All developments proposed will be subject to review by the City Planning and Development Department. During the review process, shared parking will be promoted in these certain uses.</p>
<p>Policy D-4-c: Appropriate Day and Night Activity. Promote new residential, commercial and related forms of development that foster both day and appropriate nighttime activity; visual presence on the street level; appropriate lighting; and minimally obstructed view areas.</p>	<p>Consistent. Implementation of the Project will create new business opportunities in Downtown, Commercial, Industrial, and Mixed-Use zone districts. These new businesses will be required to abide by following operating hours: Retail – 6am-10pm, but non-sales can take place after hours. Distributor – 24 hour a day Cultivator – 24 hours a day Testing lab – 24 hours a day Manufacturer – 24 hours a day. All proposed businesses, except retail, may operate on a 24-hour work schedule, promoting increased day and night activity in the areas they are located.</p>

Goals	Proposed Project Consistency
<p>Policy D-4-d: Design for Safety. Continue to involve the City’s Police Department in the development review process to ensure new buildings are designed with security and safety in mind.</p>	<p>Consistent. Each cannabis related business will be subject to review by the City’s Police Department. The Police Department will be involved in recommending to the City Council the number of additional Cannabis Retail Business licenses the City can accommodate. Also, during the Conditional Use Permit process the Police Department will review and comment on specific entitlements. Additionally, operating requirements for each type of cannabis business include security measures which the Police Department can use to monitor compliance.</p>
<p>Policy D-4-f: Design Compatibility with Residential Uses. Strive to ensure that all new non-residential land uses are developed and maintained in a manner complementary to and compatible with adjacent residential land uses, to minimize interface problems with the surrounding environment and to be compatible with public facilities and services.</p>	<p>Consistent. All commercial cannabis uses will be located in commercial, industrial, or mixed-use zones and in existing improved urbanized areas of the City. All commercial cannabis uses must comply with site specific development standards, including setbacks from sensitive land uses, and a demonstrated compatibility with the surrounding neighborhood. Additionally, each commercial cannabis use will be required to comply with an approved neighborhood responsibility plan to ensure ongoing compliance with the public health, safety, convenience, and welfare of persons residing, working, visiting, and recreating in the surrounding neighborhood, and to ensure that it will not result in the creation of a nuisance.</p>
<p>Objective D-7: Continue applying local urban form, land use, and design policies to specific neighborhoods and locations.</p>	<p>Consistent. Implementation of the Project will be subject to design standards of the underlying zone district detailed in the Development Code, or Specific, Community, or Neighborhood Plans, when applicable.</p>
<p>Policy UF-6: Support new development in the Downtown through investment in public infrastructure.</p>	<p>Consistent. All cannabis related businesses permitted in downtown zoning districts will provide be subject to development fees to be used for public infrastructure.</p>

Population and Housing

The Project would introduce a new industry to the City of Fresno that has not previously been allowed or regulated. This could result in the creation of additional economic opportunities provided within the City of Fresno and could introduce new jobs. The estimated total jobs created by the proposed Project would be 2,114 (see table below). The total increase in jobs would be 0.05 percent. The table below compares the current labor force with the industries and jobs that could be created by the proposed Project.

Labor Force and CounterPlan Estimated Jobs Distribution

Industry	Employed Labor Force (August 2019)	CounterPlan Estimated Jobs	Percent Increase
Civilian Labor Force	454,400	2,114	0.05%
Total Farm	53,400	855 ¹	1.6%
Manufacturing	29,000	427 ²	1.5%
Nondurable Goods	19,700		
Food Manufacturing	14,800		
Private Service Providing	241,500		
Wholesale Trade	14,700	427 ³	2.9%
Retail Trade	39,000	243	0.6%
Food and Beverage Stores	8,100		
General Merchandise	8,200		
Other Services	12,100	160	1.3%

Source: California Employment Development Department

¹Estimated 50% of total CounterPlan Industrial Manufacturing Jobs

²Estimated 25% of total CounterPlan Industrial Manufacturing Jobs

³Estimated 25% of total CounterPlan Industrial Manufacturing Jobs

As shown in the table above, once the estimated 2,114 jobs created by the proposed Project are distributed within the current civilian labor force, the largest increase in any one industry would be wholesale trade, with a potential to increase by 2.9 percent.

The objectives of the Project directed toward economic development and fiscal sustainability will encourage strong working relationships between the City and local businesses and will support local business startups. The Project will strive to offer incentives designed to attract new businesses to the planning area. (General Plan Objectives ED-1, ED-2, ED-3; General Plan Policies ED-1-c, ED-3-b, ED-3-d) These objectives and policies will all promote the creation of additional jobs for Fresno residents and will encourage a variety of employment opportunities.

D. CONCLUSIONS

The City finds that the Project has been carefully reviewed and that the goals, objectives, and policies included in the Project along with the mitigation measures identified in the Final EIR have avoided or substantially lessened several environmental impacts, to the extent feasible. Nonetheless, the Project may have certain environmental effects which cannot be avoided or substantially lessened. The City has carefully considered all of the environmental impacts which have not been mitigated to an insignificant level. The City has carefully considered the economic, legal, social, technological benefits of the Project, as well as other considerations. The lead agency has balanced the benefits of the Project against its unavoidable and unmitigated adverse environmental impacts and, based upon substantial evidence in the record, has determined that the benefits of the Project outweigh the adverse environmental effects.

Based on the foregoing and pursuant to Public Resources Code Section 21081(b) and CEQA Guidelines Section 15091(a)(3) and 15093(b), the City finds that the remaining significant unavoidable impacts of the Project are acceptable in light of its economic, fiscal, technological, and social benefits as well as other considerations, including the provision of employment opportunities for City residents. Such benefits outweigh such significant and unavoidable impacts and provide the substantive and legal basis for this Statement of Overriding Considerations.

Finally, the City finds that, to the extent that any impacts identified in the Final EIR remain unmitigated, mitigation measures have been required to the extent feasible, although the impacts could not be reduced to a less-than-significant level. Accordingly, when deciding to approve the Project, the City is faced with presumed unmitigated impacts which are limited in nature. When considering the significant benefits outlined in this Statement of Overriding Consideration against limited impacts, the balance of weight falls in favor of the merits of the Project and its benefits.