

City of Hesperia

STAFF REPORT



DATE: July 15, 2025

TO: Mayor and Council Members

FROM: Rachel Molina, City Manager

SECOND READING AND ADOPTION

BY: Ryan Leonard, Principal Planner
Edgar Gonzalez, Senior Planner

SUBJECT: Development Code Amendment DCA24-00003 and Specific Plan Amendment SPLA24-00005; Applicant: City of Hesperia; Area affected: City-wide.

RECOMMENDED ACTION

It is recommended that the City Council introduce and place on first reading Ordinance No. 2025-03 approving Development Code Amendment DCA24-00003 and Specific Plan Amendment SPLA24-00005 to prohibit the establishment of new, or the expansion of existing outdoor pallet yards and indoor pallet manufacturing facilities.

BACKGROUND

On August 20, 2024, the City Council recognized the need for regulations on pallet yard facilities due to their potential negative impacts. Consequently, the Council adopted Urgency Ordinance No. 2024-10, implementing a 45-day moratorium on the establishment or expansion of pallet yard facilities within the City (Attachment 1).

On September 17, 2024, the City Council extended the moratorium for ten months and fifteen days, bringing the total duration to one year (Attachment 2).

The purpose of the moratorium was to allow staff time to analyze the potential issues associated with pallet yard facilities and propose regulations to mitigate their impact on the community. The primary concerns related to pallet yards include:

- **Fire Risk:** Outdoor pallet storage yards pose a significant fire hazard due to the accumulation of large quantities of highly combustible wood. In recent years, multiple fires at outdoor pallet yards in nearby cities have resulted in millions of dollars in damage.
- **Stacking Hazards:** Pallet yards often stack wooden pallets at considerable heights. Without adequate regulation of stacking height, spacing, and volume, improperly stored pallets can pose a falling hazard, endangering employees, visitors, and nearby properties. Improper stacking may also increase fire risk.

Planning Commission Review: On June 12, 2025, the Planning Commission deliberated and discussed the proposed Development Code Amendment. After extensive discussion, the Commission recommended modifications to the proposed Development Code Amendment to allow indoor and outdoor pallet yard facilities only within the General Manufacturing (I2) zone, subject to the following regulations:

- A minimum 1,000-foot separation from all residential zones and sensitive uses.

- Outdoor pallet stacks be limited to a maximum height of 12 feet.
- Requirements to install an outdoor fire suppression system.
- A Citywide cap limiting the maximum number of pallet yard facilities, whether indoor or outdoor, to two.

During the public comment period, three voicemails were received, and eight residents spoke, all in favor of the proposed Development Code Amendment to prohibit pallet yard facilities Citywide. An applicant for one of the proposed pallet yards along Mesa Street, “Diaz Pallets,” spoke in opposition to the prohibition. Additionally, four written comments were submitted prior to the hearing and distributed to the Planning Commission. All four letters expressed opposition to the proposed prohibition (Attachment 3).

At the end of public hearing, the Planning Commission voted 4-0 (Commissioner Sophie Steeno was absent) to forward this item to the City Council with a recommendation not to adopt the proposed Ordinance as written. Instead, the Commission recommended that the Ordinance be modified to allow pallet yard facilities only within the General Manufacturing (I2) zone, subject to the regulations listed above.

ISSUES/ANALYSIS

Existing Regulations: Under the Hesperia Municipal Code (Section 16.16.320), outdoor pallet yards and indoor pallet manufacturing facilities are currently permitted in the Limited Manufacturing (I1) and General Manufacturing (I2) zones. These facilities are classified as general manufacturing uses and are subject to development standards regulating outdoor storage (for outdoor pallet yards only). However, there are no specific regulations tailored to outdoor or indoor pallet facilities.

Similarly, the Main Street and Freeway Corridor Specific Plan permits these uses in the Commercial Industrial Business Park (CIBP) and General Industrial (GI) zones. While they are classified as general manufacturing uses, the Specific Plan also lacks explicit regulations for pallet facilities.

Proposed Regulations: As noted, there are no specific development standards directly regulating outdoor pallet yards or indoor pallet manufacturing facilities. The proposed Development Code Amendment seeks to prohibit the establishment, expansion, and operation of these facilities in all industrial zoning designations within the City.

These uses present significant fire hazards due to the high combustibility of stacked wooden pallets. The excessive vertical stacking of pallets also creates safety risks and can hinder emergency access. In addition to fire and safety concerns, pallet facilities often generate excessive noise, attract rodents, create visual blight, and contribute to environmental issues, including improper material storage and potential stormwater runoff contamination.

Pallet facilities have a well-documented history of contributing to severe fires, many of which have resulted in extensive property damage, environmental degradation, and public safety risks. Numerous incidents, both locally and nationally, have involved fires burning for hours or days, demonstrating how quickly stacked pallets can ignite and how intensely they burn. Their high combustibility, coupled with inadequate emergency access, often results in uncontrollable fires that threaten surrounding businesses, residential neighborhoods, and critical infrastructure.

Facilities lacking proper oversight or maintenance often contribute to urban decline by facilitating illegal dumping and exposing surrounding communities to airborne health hazards. These

negative impacts frequently lead to increased costs for cities, which must allocate resources to code enforcement, fire response, and environmental cleanup. Additionally, pallet facilities typically provide minimal economic return, representing an inefficient use of industrial space, especially in communities focused on sustainable growth, workforce development, and long-term economic resilience.

The proposed prohibition aims to preserve the quality of life in residential, commercial, and industrial zones, reduce fire risk to adjacent properties, and promote more compatible and sustainable land uses.

Environmental: Approval of the Development Code Amendment and Specific Plan Amendment is exempt from the California Environmental Quality Act (CEQA) under Section 15061(b)(3), as it can be seen with certainty that there is no significant effect on the environment. The proposed Development Code Amendment and Specific Plan Amendment are also exempt under Section 16.12.415(B)(10) of the City's CEQA Guidelines, as they do not propose to increase the density or intensity allowed by the General Plan.

Conclusion: The proposed Ordinance prohibits new and expanded outdoor pallet yards and indoor pallet manufacturing facilities. This action is intended to enhance public safety and promote responsible development that balances economic activity with community well-being.

CITY GOAL SUPPORTED BY THIS ITEM

Future Development - Facilitate balanced growth to ensure cohesive community development and pursue economic development.

FISCAL IMPACT

There are no fiscal impacts identified with this action.

ALTERNATIVE(S)

1. The City Council may provide alternative direction to staff.

ATTACHMENT(S)

1. Ordinance 2024-10 (45-day Moratorium)
2. Ordinance 2024-11 (10 months & 15-day Extension to Moratorium)
3. Letters in opposition to the amendment
4. Exhibit A – Amended language for DCA & SPLA
5. Ordinance 2025-03
6. June 12, 2025, Planning Commission Staff Report