

Conditional Use Permit Letter – FLOWER FACTORY – 2332 Newport Blvd

**2332 Newport Blvd**

APPLICANT: Newport Blvd Enterprise LLC

Operator (dba): FLOWER FACTORY

Request: The request is for a Conditional Use Permit to allow a Cannabis Retail Storefront (Type 10) and a Cannabis Business Permit.

EXECUTIVE SUMMARY

FLOWER FACTORY is the Brand of the Measure X Permitted Operator, HIGHER GROUND at 3505 Cadillac Ave, Unit F7. HIGHER GROUND partnered with an experienced operator in MR. NICE GUY.

This Team will work together to leverage the mutual vertically integrated supply chain and benefit from MR NICE GUYS's operational experience in running quality Cannabis Retail Stores.

FLOWER FACTORY will be the brand that will be customer facing, and behind the scenes, MR NICE GUY's Standard Operating Procedures will be utilized to run a compliant Cannabis Retail Store.

The operation will be "Powered By" Mr Nice Guy's operational infrastructure:

- Back of House SOP's
- Security Plans and Security Guards
- Operational Policies
- Vertically Integrated Supply Chain Relationships and Solutions
- Management Oversight

MR NICE GUY is or soon will be operating the following assets under the MR NICE GUY or MARKETPLACE Brand:

- Dispensary - Palm Springs / Lake Elsinore / Santa Ana / Moreno Valley
- Cultivation - Salinas

HIGHER GROUND HOLDINGS

Measure X Partner: HIGHER GROUND HOLDINGS has 2 Cultivation Licenses of 14,000 sf each operating in Coachella, and the newly Permitted Manufacturing (Packaging Type N) and Distribution facility in Costa Mesa.

The combined Team is well positioned to operate a compliant Cannabis Retail Store from a position of market strength in both quality products and best of breed compliant operations.

SITE SELECTION: This site was selected because of the location on Newport Blvd, and in efficient proximity to the 55 where customers can exit at Victoria, and in proximity to Victoria, the 405 and other ease of access points like Pacific Coast Highway. The Eastside is a desirable target market of locals.

Hours of Operation: 7 am to 10 pm.

Build Out: The building square footage will be reduced. Additional Parking will be introduced.

Site Improvements: The site will have the building reduced. A redesign of the drive approach will occur along Newport Blvd, with the introduction of a drive aisle. This will improve site circulation, allowing vehicles to enter from Newport Blvd and exit to the rear, eliminating the requirement to back into Newport Blvd to exit the property. Landscape will be introduced as well as a Bike Rack.

Supply Chain: This will be operated by an experienced Team that is fully integrated here in California and Oregon. Their licensed Salinas cultivation facility will transport flower via the Teams Licensed Distributor to a Licensed Santa Ana Facility to be packaged into jars and Pre Rolls. Other Licensed Facilities will package a variety of cannabis forms. The Team outsource extracting Flower into Oil, and the Oil is utilized in manufacturing House Brands. The Team has relationships with other Top Selling Brands. The Finished Packaged Goods are brought last mile from the Manufacturing / Packaging Licensed Facilities to Mr. NICE GUY by the Teams licensed Distribution vehicle. The Measure X Operator has local licensed Cultivation facilities as well as a Costa Mesa Distribution and Manufacturing licenses to support the retail operation.

Target Customer: The store features products manufactured by the Team's supply chain for customers seeking quality Flower, at low cost, a robust list of all cannabis product types manufactured by the Team's supply chain and a curated selection of third-party brands to meet evolving customer trends as a Neighborhood Store delivering the benefit of convenience.

Operations: The Team will relocate an experienced Manager from another location. Employees are hired based on criteria and characteristics they can perform and add value in a highly regulated industry. The facility is designed with Safety, Security and operational excellence. All Employees go through onboarding training, and depending on roles, various levels of ongoing training, supported by an SOP Operations Manual. Periodic meetings take place to reinforce safety, security and operations process, and a chance to report and discuss any opportunities for improvement.

The facility is designed to facilitate speed in customer orders and have a higher percentage of sales via Order Online – Pick Up In Store. One Counter will be dedicated to the Order Online / Pick Up In Store Customers who know what they want and seek an efficient transaction. One Counter Area will be allocated to a more consultative Customer experience, where a little more time can be spent on Cannabis Education.

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Compliance: The Operation utilizes a Point of Sale and Track & Trace technology to achieve regulatory compliance and efficiently manage the business. All cannabis and cash are entered, reported, audited, and analyzed, with discrepancies investigated and reported as necessary. The operation will implement a noncash transaction option for Retail, that reduces the amount of cash to handle, and corresponding threats.

Employees: Because of the smaller retail space footprint, this store will have fewer Employees. We will prioritize hiring locals, who can walk, bike or take public transportation with a focus on operational skill sets, trainability and demonstrated ability to deliver a quality customer experience. All efforts will be to hire local. It weaves operations into the fabric of the community, and locals can walk or bike. We will partner with the Chamber of Commerce on “Hire Local” and use temporary signs to target drive by, bike by potential employees. Cannabis jobs are good paying jobs, with opportunities for advancement and creation of careers. The Team will look to hire from Orange Coast Community College, due to success in hiring from this demographic, that are in convenient proximity to our location.

All Employees and Owners are police background checked prior to employment and issuing a badge.

Neighborhood Compatibility: The Team is an experienced operator who has successfully launched and sustained several Cannabis Retail Stores. The Team employs a “Good Neighbor Policy” by providing contact information, a commitment to discussion and issue resolution, picking up trash and having the Security Guard be a neighborhood asset. Parking exceeds requirements, therefore there are no neighborhood impacts anticipated and parking will be monitored. All surrounding properties will have a phone number to contact the Managers of the Cannabis operation. The Security Guard has responsibilities to monitor the parking lot to make sure no loitering, that trash is picked up, and specific goals to know the neighborhood and neighbors. The Guard will be a neighborhood asset. The Site is being developed to respect neighbors.

The Team held an outreach event, inviting the surrounding neighborhood and relevant parties for a meet and greet to introduce the Team, discuss questions and listen to comments.

Parking: The project is parked to code. Bike Racks will be prominently featured. The Employees will not park on site. Employees will be offered Ride Sharing vouchers if they are unable to walk, ride a bike, use public transportation. This will maximize parking for Customers.

Landscaping: The landscaping will introduce a new and modern pallet with drought tolerant landscaping and Trees.

Walkability – Bikeability -Active Transportation: This project is located on a major street with active transportation elements introduced and more planned. We have featured a Bike Rack. We will Hire Local so that employees can bike & walk. We encourage Ride Share of carpools and technology. We will have promotions to incentivize Customers to choose walking, biking, public transportation options. We will work with the City to tie into their activities to encourage and facilitate active transportation.

There is a Bus Stop directly in front of the property, on Newport Blvd.

Odor: HVAC and carbon filter elements are introduced to address any potential odors, with the standard, no detectable odor outside the facility. All products are finished packaged goods, which minimizes or eliminates the potential of odor.

Partner with Chamber of Commerce: The Team is a member of the Chamber of Commerce and sponsored the Mayor’s State of the City last year. The Chamber has embraced Cannabis and is developing to key projects

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in support of the Cannabis Industry and Operators. 1) Hire Local: Chamber will have a portal where the Operator can list open positions. The Chamber will actively promote. 2) Shop Local: Chamber will actively promote Cannabis Retailers approved by the City.

Partner with Cultural Arts Committee: Operator seeks to work with the City of the Arts to introduce local artists. The specific projects are yet to be determined, the intent is to identify local artists who can produce art for the interior. Consider an approved Mural, and seek opportunities to support the Utility Box program. All ideas are welcome.

Security Plan, Technology Solutions, Process and Training: The reviewed and approved Security Plan is prepared and installed by a trusted local subject matter expert who has a dozen and a half Costa Mesa projects, and several dozen in Southern California. He and the company have the necessary credentials and experience to provide plans, systems, installations, process and training. The concept of a plan, development and implementation is the “Secure Layered Onion”. The outer layer is hardened, and several layers are introduced designed to slow down and prevent unwanted access, and control access. The Perimeter has facility design in mind when developing the Site Plan and Floor Plan. Perimeter lighting is added as a deterrent and to enhance external video surveillance at night. Any windows have a Security Film. All doors are secure access. Customers check in, Visitors sign in. There are specific areas Customers can go, and Limited Access Areas (properly signed) where only badged Employees or Visitors escorted by an Employee. The Cannabis and Cash are in secure storage areas, with limited access. The Security System can be remotely viewed. Other tools are motion detectors in strategic areas, 100% video surveillance saturation wherever cannabis is located (Including full coverage of external loading and unloading) panic buttons and some proprietary elements to protect people, cannabis and cash. These systems and process have manuals and are integrated into training programs.

Security Plan: a 117-page plan was submitted and reviewed by the City 3rd Party expert and was approved without comments. It contained a thorough demonstration of compliance with extensive narrative supported by diagrams to say and show how the operation will comply with State and City Regulations. Covered all aspects of a secure and compliant Cannabis Retail operation components like theft reduction, cash management, Morning – Start of Shift – During Shift – End of Shift SOP’s. It covered both the Retail operations as well as Home Delivery.

Security Guards: A Security Guard will be onsite 24 hours a day, unless modified by City Council. This 3rd Party Security company has a credentialed, experienced subject matter expert ownership to facilitate the hiring and training of Guards based on a handbook of specific Standard Operating Procedures. The onsite Guard monitors the day to day operations, periodically makes rounds inside and out, oversees all unloading and loading of deliveries. The company has all the required State Licenses and Insurance.

Business Plan: A 68-page Business Plan was submitted and received approval without comments. The Plan covers vast requirements from proof of capital, a plan and budget to open and operate. Facility Diagrams. Standard Operating Procedures. Customer Check In. It covered both the Retail operations as well as Home Delivery.

Deliveries: All loading and unloading will occur in a space, closest to the Secure Door dedicated to bulk packaged goods cannabis. All loading and unloading activities will be under video camera surveillance and under the supervision of the Guard.

Waste Management: A container is located in the secure storage area, should the unlikely event of cannabis waste be created. Most would be returned to the Distributor or rendered unrecognizable and unusable, and properly disposed of.

Signage: Compliant internal and external signs to meet State and City requirements, and assist customers on way finding and no access areas.

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