

Application for Cannabis Retail Store

Newport Wellness

2490 Newport Blvd

Dear Mr. Mayor and Esteemed City Council,

Newport Wellness would like to offer the following Applicant Letter in response to a “Request for Review”.

About Newport Wellness:

Newport Wellness is led by a Costa Mesa resident, and a Team of locals with experience in the regulated cannabis industry and has adjacent Hemp industry experience. This venture represents the opportunity of a local resident to pursue his aspiration of opening a retail cannabis business in his hometown.

Relied on City Cannabis Process for over 2 years:

The Applicant has relied on the City developed Regulatory Scheme and Application process that was based on:

- The City’s polling of Residents to seek regulatory input, including:
 - Where to locate buffers to sensitive uses, buffers to homeless shelters, buffers between store, buffers to residential, should there be a security guard, hours of operation
- The City Council’s discussion and deliberation:
 - All the elements of a Cannabis Ordinance
 - With members of the Cannabis Industry
 - With Staff and Hdl, the City’s subject matter expert
- The City Council’s drafted and approved Cannabis Ordinance, which implemented these considerations
- The City Council’s putting this Ordinance to a vote of Costa Mesa Residents
 - **Vote passed by 65%, 2 out of 3 Costa Mesa voters agreed**

Staff Recommended Approval:

Planning Staff worked long and hard to bring a vetted and thoughtful Application to the Planning Commission:

- Reviewed Application, made comments and modifications. Worked with Applicant over 18+ months to offer a project that complied with Land Use and all other regulatory requirements under the City’s Cannabis Ordinance and General Plan.
- Outlined necessary “Findings” specifically related to the proposed project and its location
- Articulated “Facts in support of Findings”
- Recommended Approval

Newport Wellness - 2490 Newport Blvd - City Council Review - Applicant Letter

Planning Commission Approved:

The Planning Commission listened to Staff, heard the Applicant Presentation and asked a lot of questions:

- Deliberated, discussed and considered “Findings of Fact”. This included deliberating the very factors being brought in front of Council and making a professional recommendation to approve the Application.
- Planning Commission’s ultimate decision was based on Following the Rule of Law based on the project’s conformity with City Ordinances and the General Plan
- Approved the Application

Recent Cannabis Ordinance Modifications do not apply to this Application:

During Planning Commission and City Council public consideration of the Cannabis Ordinance modifications, it was made clear that these modifications would only impact future Applications and not be applied to any current Applications. This Application was brought to the Planning Commission prior to any final changes or amendments that apply to future Applications.

Proximity to Residential:

Below you will see 14 other projects either in similar or closer proximity, have been previously approved.

We heard concerns from Residents across Monte Vista, which is a Gated Community. No concerns were raised at the Planning Commission Hearing from any other residents in proximity to the location.

2 Residents potentially most impacted are in support of the Application:

The Applicant and Property owner have committed to retaining the Residents who are located on the same parcel as shown on the Site Plan.

- 2 most impacted Residents are in support, have written and letter and intend to speak in support
- Rather than displacement, we have the support because of recognition of improvements and that the security will help mitigate impacts of life on Newport Blvd

Significant Improvement to Mid Century, differed maintenance property:

- Please note the Before and After pictures below which evidence a vast improvement of the subject property and presumably a positive impact for surrounding properties
- Cannabis Retail Stores have made significant investments to modernize the Commercial Retail Corridor
- The new modern configuration will no longer have cars backing out onto Newport Blvd

Cannabis Retail Stores have not caused issues:

Cannabis Retail Stores are the most regulated business in Costa Mesa and as a result, have not caused any substantive issues, despite to date, unfounded concerns by many.

- Public Records indicate there are no significant concerns with Police Calls for Service for such businesses
- The Police Chief has verified this on several public occasions

Newport Wellness - 2490 Newport Blvd - City Council Review - Applicant Letter

- There are no significant Code Enforcement issues
- There are no parking impact complaints for these types of businesses
- A recently published Orange County Grand Jury Report had several key findings relating to Legal and Licensed Cannabis Businesses, which include:
 - A decrease in Crime
 - Significant reduction in unregulated, unpermitted cannabis retail stores
 - Significant Tax Revenue contribution to support the public good

Parking:

Our Application has demonstrated an improvement in circulation and that the project is parked, as supported by Staff. We are concerned about Residents sharing concerns of residential parking impacts on Monte Vista. The existence of a current parking problem should not have a bearing on a project with conscientious parking considerations and agreed upon conditions of approval relating to parking and traffic. We encourage City Council to investigate and consider the causes of current parking issues so they can be corrected and not impact our business.

Significant Tax Revenue and Economic Contributions:

The proposed project offers the opportunity to generate significant local economic contributions, including:

- ~\$3m in annual revenue, likely to go higher over time
- ~\$200,000 for the Arts
- ~\$200,000 for First Time Home Buyers
- ~\$300,000 in Annual Employee Compensation

Conclusion:

This project not only represents the culmination of a local Costa Mesa resident pursuing his aspirations of opening a business in his hometown, but the proposed business is also in conformance with the City's Ordinance, Land Use Principals, and General Plan while offering substantial benefits to the City and surrounding area. We respectfully request City Council to follow the rule of law and uphold the Planning Commission's approval of our project, consistent with Staff's recommendation.

Sincerely,

Keith Scott

Keith J. Scott

Owner & Costa Mesa Resident

APPLICATION FOR REVIEW - - REASONS FOR REQUESTING REVIEW

Council Member Don Harper

REASONS

APPLICANT RESPONSE

<ul style="list-style-type: none"> • Negative Impacts on Residential 	<ul style="list-style-type: none"> • Of important note, the 2 most potentially impacted residents on the site are both in support of the project. Those who should have the most impacts are not concerned • Public Records indicate Cannabis Retail Stores have low incidents of Police Calls for Service • Police Chief has shared at City Council meetings that there are no issues with Cannabis Retail • There have been no residents going to Planning Commission or City Council with documented or specific issues. All are theoretical, hypothetical or demonstrate an individual position against cannabis in general.
<ul style="list-style-type: none"> • Cannabis Saturation 	<ul style="list-style-type: none"> • There are no regulatory numeric limits for current cannabis applicants • There are no separation buffers for current cannabis applicants • Process of developing the Cannabis Regulatory Scheme and outcome: <ul style="list-style-type: none"> ○ City Council polled residents to seek feedback on what elements to include in ordinance ○ Developed a customized ordinance based on that poll, lengthy discussions with the industry and with residents ○ That Ordinance was put to the voters: 2 out of 3 voters supported ○ The Applicant relied on this process and the outcome in selecting a property, paying fees, preparing the application and enduring the high carrying costs of a long process • Distance to existing Cannabis Retail Stores <ul style="list-style-type: none"> ○ North on Newport Blvd: 2664 Newport is 0.4 miles / over 2,000 feet / 9 minute walk ○ South on Newport Blvd: 2332 Newport is 0.4 miles / 2,000 feet / 9 minute walk ○ Across Newport Blvd: 2301 Newport is 2,500 feet away, across 8 lanes of freeway
<ul style="list-style-type: none"> • Proximity to Christian University 	<ul style="list-style-type: none"> • There are no State distance requirements to Universities • There are no City distance requirements to Universities • The only distance requirements for schools are K-12 • There are no “youth centers” at the Christian University • Anyone traveling south on Newport Blvd from the Christian University would pass directly by 3 approved Cannabis Stores
<ul style="list-style-type: none"> • Hours of Operation 	<ul style="list-style-type: none"> • Cannabis Retail Store hours are restricted with a Conditional Use Permit

Newport Wellness - 2490 Newport Blvd - City Council Review - Applicant Letter

	<ul style="list-style-type: none"> • There are by right use options that would not be have hours conditioned and could operate earlier and later hours • An example is a Vape Shop, that could open earlier and stay open till midnight
<ul style="list-style-type: none"> • Increased Traffic 	<ul style="list-style-type: none"> • Staff used the International Traffic Engineer standard of a Pharmacy with Drive through to determine traffic impacts <ul style="list-style-type: none"> ○ The City has collected over \$1 million in Traffic Impact Fees ○ This project will pay a Traffic Impact Fee to mitigate impacts ○ Applicant does not agree there will be impacts • To date, there are no reports of increased traffic associated with Cannabis Retail Stores • Simple drive-bys of any of the open Cannabis Retail Stores evidence the lack of parking issues • By adding an additional Cannabis Retail Store, this would create fewer traffic issues
<ul style="list-style-type: none"> • Lack of Resident Street Parking 	<ul style="list-style-type: none"> • The Application has demonstrated an ability to park the project, as reviewed and approved by City Staff, we has determined to make a recommendation to support the approval of the CUP • The Applicant has heard of issues with street parking and has been monitoring the issue • The applicant offered an additional condition relating to parking monitoring • If it is determined the parking issues are a result of the residential uses in proximity, what can be done to control this impact? Can we make sure all garages are not used for storage and are available for parking? This might alleviate the parking issues raised by neighboring residents
<ul style="list-style-type: none"> • Business Lighting 	<ul style="list-style-type: none"> • Each Cannabis Business Application has been required to have a Lighting Engineer produce a Photometric Study, demonstrating how placement and strength of light and use of science indicate where light is and light is not • Please note, that this is a condition introduced by the planning commission. It was important to Commission to have enough light to support the Police Department’s visual patrol and not adversely impact the residents of adjacent businesses • A by right use, like a vape shop, would have no such requirement • This project has utilized “Crime Prevention through Environmental Design”

**Newport Wellness - 2490 Newport Blvd - City Council Review - Applicant Letter
APPLICATION FOR REVIEW - - REASONS FOR REQUESTING REVIEW**

Council Member Andrea Marr

REASONS

APPLICANT RESPONSE

<ul style="list-style-type: none"> • Land Use Compatibility of Location 	<ul style="list-style-type: none"> • <u>STAFF:</u> <ul style="list-style-type: none"> ○ In the professional opinion of Staff, Staff recommended approval of the project ○ Staff prepared Exhibit A. ○ Staff’s report Includes specific Findings and supporting facts • <u>PLANNING COMMISSION:</u> <ul style="list-style-type: none"> ○ In the professional opinion of Staff, Staff recommended approval of the project ○ Planning Commission voted to approve the Application after careful deliberation of the issues before Council
<ul style="list-style-type: none"> • Compliance with Costa Mesa’s General Plan 	<ul style="list-style-type: none"> • <u>STAFF:</u> <ul style="list-style-type: none"> ○ In the professional opinion of Staff, Staff recommended approval of the project ○ Staff prepared Exhibit A. ○ Includes Findings and supporting facts ○ Staff report included specific findings of General Plan conformance • <u>PLANNING COMMISSION:</u> <ul style="list-style-type: none"> ○ In the professional opinion of Staff, Staff recommended approval of the project ○ Planning Commission voted to approve the Application based on conformance with the General Plan
<ul style="list-style-type: none"> • Cannabis Ordinance Modifications, when they become final, will only be applied to future Applications and not applied to current Applications 	<ul style="list-style-type: none"> • This Application came to Planning Commission before Ordinance modifications finalized • Public discussion indicated City Council intent to only apply the new regulations to future Applications and that these modifications would not be applied to existing Applications • The current Applicant chose this location over 2 years ago relying on the Council’s original ordinance.

Newport Wellness - 2490 Newport Blvd - City Council Review - Applicant Letter

- Professional Staff **Recommended Approval**
- Professional Staff **outlined necessary “FINDINGS”**
- Professional Staff **articulated “FACTS IN SUPPORT OF FINDING”**
- **Planning Commission** deliberated, discussed and considered Findings and Facts, and **APPROVED the Application**



PLANNING COMMISSION AGENDA REPORT

MEETING DATE: MARCH 25, 2024 ITEM NUMBER: PH-1

SUBJECT: PLANNING APPLICATION 22-08 FOR A RETAIL CANNABIS STOREFRONT BUSINESS WITH DELIVERY LOCATED AT 2490 NEWPORT BOULEVARD (NEWPORT WELLNESS)

FROM: ECONOMIC AND DEVELOPMENT SERVICES DEPARTMENT/
PLANNING DIVISION

PRESENTATION BY: MICHELLE HALLIGAN, SENIOR PLANNER

FOR FURTHER INFORMATION CONTACT: MICHELLE HALLIGAN
714-754-5608
MICHELLE.HALLIGAN@COSTAMESACA.GOV

RECOMMENDATION

Staff recommends the Planning Commission adopt a Resolution to:

1. Find that the project is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) per CEQA Guidelines Section 15301 (Class 1) Existing Facilities; and
2. Approve Planning Application 22-08 subject to the conditions of approval as contained in the Resolution.

Finding: Granting the conditional use permit will not allow a use, density or intensity which is not in accordance with the general plan designation and any applicable specific plan for the property.

Facts in Support of Finding: The property has a General Plan land use designation of "Commercial Residential". The intent of this land use designation is to allow a mix of commercial and residential zones along Newport Boulevard. The use is consistent with General Plan policies related to providing a mixture of commercial goods, services, and employment opportunities; expanding the City's tax base; and promoting the incubation of specialized businesses. The City's General Plan sets forth long-term policies that guide future development, whereas the Zoning Ordinance implements general plan policies through detailed development regulations, such as specific use types and building standards. Therefore, in determining General Plan compliance for the proposed cannabis retail storefront use, a comparison of the proposed use with the use, density and intensity allowed by the applicable zoning district is required. In this case, the applicable zoning district is "Local Business District" (C1). A variety of commercial uses are allowed in the C1 zone, including a retail cannabis storefront, subject to a CUP. No additional square footage is proposed; therefore, the proposed use would not increase the floor area ratio (building intensity) or increase the number of residential units onsite (density).

RESIDENTIAL PROXIMITY

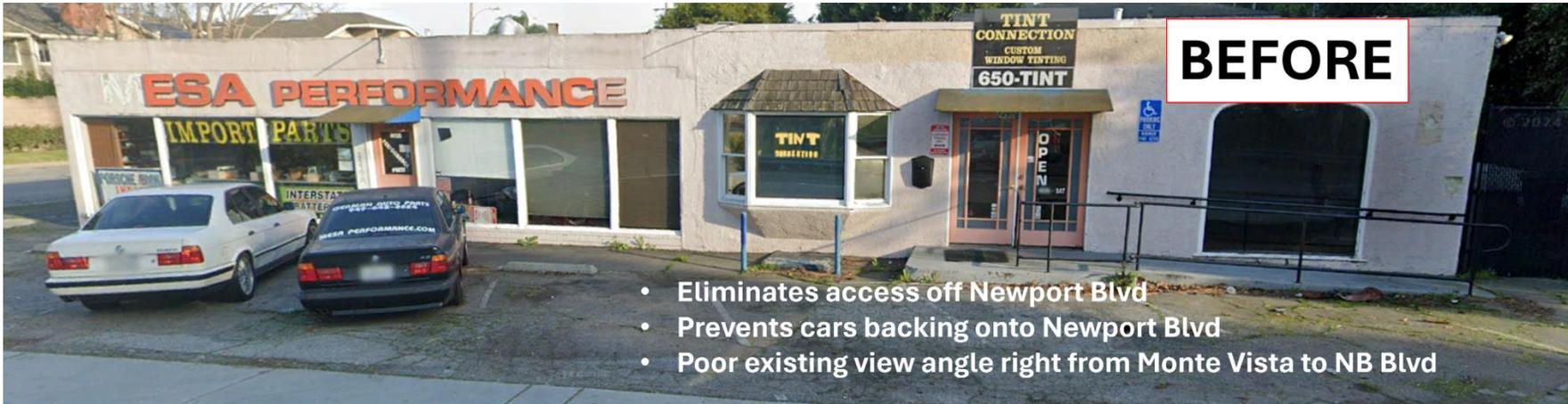
14 Cannabis Stores Approved in similar Proximity to Residential

2490 Newport Blvd is 40 feet from GATED Residential

PA #	ADDRESS	NAME	Distance: PL - PL
21-14	1921 Harbor Blvd	High Seas	0 ft
21-17	2845 Harbor Blvd	Mr Nice Guy	50 ft (across st)
21-18	1854 Newport Blvd	Mr Nice Guy	90 ft
21-19	2710 Harbor Blvd	Stiizy	50 ft
21-29	170 E 17 th St	Catalyst	50 ft (across st)
21-31	167 Cabrillo	Native Garden	50 ft (across st)
21-37	2146 Newport Blvd	Off the Charts	30 ft
21-34	2332 Newport Blvd	Flower Factory	20 ft (across alley)
21-39	770 W 19 th st	Nebrina	0 ft
21-40	2664 Newport Blvd	Secret Garden	0 ft
22-02	1860 Newport Blvd	Newport Flower	0 ft
22-05	1505 Mesa Verde	SCCC	75 ft (across st)
22-07	2013 Newport Blvd	Strains	0 ft (across access)
21-21	2001 Harbor Blvd	South Coast Safe Access	50 ft (across st)

SIGNIFICANT SITE IMPROVEMENTS

NO CANNABIS-IDENTIFYING SIGNAGE



- Eliminates access off Newport Blvd
- Prevents cars backing onto Newport Blvd
- Poor existing view angle right from Monte Vista to NB Blvd

AFTER



Newport Wellness - 2490 Newport Blvd - City Council Review - Applicant Letter

Applicants Relied on Measure Q



Ballot Measures-Q

Section
11

Full Text of Measure Q
City of Costa Mesa

The City Council for the City of Costa Mesa submits the following measure to the voters of the City for approval and enactment:

SECTION 1. Name.

This ballot measure shall be known and may be cited as "the City of Costa Mesa Retail Cannabis Tax and Regulation Measure" and shall be referred to herein as the "Measure."

SECTION 2. Purpose.

The purpose of the Measure is to amend Measure X to allow the City Council to adopt, and thereafter amend, by a 2/3 vote of the entire membership of the City Council, one or more ordinances to provide for the specific areas in the City within which City and state licensed cannabis retail storefront (dispensary) and non-storefront (delivery only) uses can be located; to provide minimum standards for future City regulation of these uses; and to impose a general tax on all retail and delivery cannabis businesses within the City, as well as on businesses making deliveries into the City if such deliveries are permitted by the City, at a rate of 4 to 7% of gross receipts. Nothing contained in this Measure is intended to limit, curtail or abrogate the City's power to impose greater restrictions or limitations on retail cannabis uses than those set forth herein.

Now, therefore, the People of the City of Costa Mesa do ordain as follows:

AN ORDINANCE OF THE PEOPLE OF THE CITY OF COSTA MESA, CALIFORNIA, TO AMEND MEASURE X BY AUTHORIZING THE CITY COUNCIL TO ADOPT AN ORDINANCE PERMITTING, REGULATING AND ESTABLISHING A GROSS RECEIPTS TAX OF BETWEEN 4 TO 7% ON THE RETAIL SALE AND DELIVERY OF CANNABIS WITHIN THE CITY AS EXPRESSLY LIMITED HEREIN.

SECTION 3. Uncodified ordinance.

The City Council of the City of Costa Mesa, pursuant to the procedures set forth in the Government Code and the City's Municipal Code and without prior approval of the electorate, may amend those provisions of Measure X that require a vote of the electorate as set forth in Ordinance No. 16-15, Section 8, "Future Changes", as amended and as codified in Chapters I and VI of Title 9 and/or Chapters IV and IX of Title 13 of the Municipal Code, by the adoption or amendment of one or more ordinances to permit, regulate and/or impose a gross receipts tax upon the retail sale, both storefront (dispensaries) and non-storefront (delivery), of cannabis within the City, provided that such ordinance or amendment is adopted by a two-thirds vote of the entire membership of the City Council and meets the following minimum standards:

- a) the premises of retail storefront uses may be permitted in the commercial zone only;
- b) the premises of retail non-storefront (delivery) uses may be permitted in both the commercial zone and in the Green Zone only;
- c) the premises of retail storefront uses must be located a minimum of 1,000 feet from existing and permitted child daycare locations, K-12 schools, playgrounds, and/or homeless shelters, all as defined in the Zoning Code or as may otherwise be defined by City regulation or ordinance;



City Council determined distance Buffers from Sensitive Uses

City Council considered, polled and determined not to include a buffer from Residential

Costa Mesa City Council Meeting



2 of 3 Costa Mesa Voters Support



City Council determined Commercial Zone Only