



# **CITY OF COSTA MESA**

## **PLANNING COMMISSION**

### **Agenda**

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**Monday, July 22, 2024**

**6:00 PM**

**City Council Chambers  
77 Fair Drive**

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The Commission meetings are presented in a hybrid format, both in-person at City Hall and as a courtesy virtually via Zoom Webinar. If the Zoom feature is having system outages or experiencing other critical issues, the meeting will continue in person.

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Favor de comunicarse con la Secretaria Municipal al (714) 754-5225 para solicitar servicios de interpretación de idioma para las juntas de la Ciudad. Se pide notificación por lo mínimo 48 horas de anticipación, esto permite que la Ciudad haga los arreglos necesarios.

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<https://zoom.us/j/96060379921?pwd=N2lvbzhJM2hWU3puZkk1T3VYTXhoQT09>

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Enter Webinar ID: 960 6037 9921 / Password: 595958

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- Select “Join Audio via Computer.”
- The virtual conference room will open. If you receive a message reading, “Please wait for the host to start this meeting,” simply remain in the room until the meeting begins.
- During the Public Comment Period, use the “raise hand” feature located in the participants’ window and wait for city staff to announce your name and unmute your line when it is your turn to speak. Comments are limited to 3 minutes, or as otherwise directed.

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During the Public Comment Period, press \*9 to add yourself to the queue and wait for city staff to announce your name/phone number and press \*6 to unmute your line when it is your turn to speak. Comments are limited to 3 minutes, or as otherwise directed.

4. Additionally, members of the public who wish to make a written comment on a specific agenda item, may submit a written comment via email to the [PCPublicComments@costamesaca.gov](mailto:PCPublicComments@costamesaca.gov). Comments received by 12:00 p.m. on the date of the meeting will be provided to the Commission, made available to the public, and will be part of the meeting record.

5. Please know that it is important for the City to allow public participation at this meeting. If you are unable to participate in the meeting via the processes set forth above, please contact the City Clerk at (714) 754-5225 or [cityclerk@costamesaca.gov](mailto:cityclerk@costamesaca.gov) and staff will attempt to accommodate you. While the City does not expect there to be any changes to the above process for participating in this meeting, if there is a change, the City will post the information as soon as possible to the City’s website.

Note that records submitted by the public will not be redacted in any way and will be posted online as submitted, including any personal contact information.

All pictures, PowerPoints, and videos submitted for display at a public meeting must be previously reviewed by staff to verify appropriateness for general audiences. No links to YouTube videos or other streaming services will be accepted, a direct video file will need to be emailed to staff prior to each meeting in order to minimize complications and to play the video without delay. The video must be one of the following formats, .mp4, .mov or .wmv. Only one file may be included per speaker for public comments. Please e-mail to [PCPublicComments@costamesaca.gov](mailto:PCPublicComments@costamesaca.gov) NO LATER THAN 12:00 Noon on the date of the meeting.

Note regarding agenda-related documents provided to a majority of the Commission after distribution of the agenda packet (GC §54957.5): Any related documents provided to a majority of the Commission after distribution of the Agenda Packets will be made available for public inspection. Such documents will be posted on the city's website and will be available at the City Clerk's office, 77 Fair Drive, Costa Mesa, CA 92626.

All cell phones and other electronic devices are to be turned off or set to vibrate. Members of the audience are requested to step outside the Council Chambers to conduct a phone conversation.

Free Wi-Fi is available in the Council Chambers during the meetings. The network username available is: CM\_Council. The password is: cmcouncil1953.

As a LEED Gold Certified City, Costa Mesa is fully committed to environmental sustainability. A minimum number of hard copies of the agenda will be available in the Council Chambers. For your convenience, a binder of the entire agenda packet will be at the table in the foyer of the Council Chambers for viewing. Agendas and reports can be viewed on the City website at <https://costamesa.legistar.com/Calendar.aspx>.

In compliance with the Americans with Disabilities Act, Assistive Listening headphones are available and can be checked out from the City Clerk. If you need special assistance to participate in this meeting, please contact the City Clerk at (714) 754-5225. Notification at least 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. [28 CFR 35.102.35.104 ADA Title II].

**PLANNING COMMISSION REGULAR MEETING**

**JULY 22, 2024 – 6:00 P.M.**

**ADAM ERETH  
CHAIR**

**RUSSELL TOLER  
VICE CHAIR**

**JOHNNY ROJAS  
PLANNING COMMISSIONER**

**ANGELY ANDRADE  
PLANNING COMMISSIONER**

**KAREN KLEPACK  
PLANNING COMMISSIONER**

**JON ZICH  
PLANNING COMMISSIONER**

**DAVID MARTINEZ  
PLANNING COMMISSIONER**

**TARQUIN PREZIOSI  
ASSISTANT CITY ATTORNEY**

**SCOTT DRAPKIN  
ASSISTANT DIRECTOR**

**CALL TO ORDER**

**PLEDGE OF ALLEGIANCE**

**ROLL CALL**

**ANNOUNCEMENTS AND PRESENTATIONS**

**PUBLIC COMMENTS – MATTERS NOT LISTED ON THE AGENDA**  
Comments are limited to three (3) minutes, or as otherwise directed.

**PLANNING COMMISSIONER COMMENTS AND SUGGESTIONS**

**CONSENT CALENDAR:**

All matters listed under the Consent Calendar are considered to be routine and will be acted upon in one motion. There will be no separate discussion of these items unless members of the Planning Commission, staff, or the public request specific items to be discussed and/or removed from the Consent Calendar for discussion. The public can make this request via email at [PCPublicComments@costamesaca.gov](mailto:PCPublicComments@costamesaca.gov) and should include the item number to be addressed. Items removed from the Consent Calendar will be discussed and voted upon immediately following Planning Commission action on the remainder of the Consent Calendar.



1. [JUNE 24, 2024 UNOFFICIAL MEETING MINUTES](#) [24-295](#)

## RECOMMENDATION:

Planning Commission approve the Regular Meeting Minutes of June 24, 2024.

**Attachments:** [June 24, 2024 Unofficial Meeting Minutes](#)

## PUBLIC HEARINGS:

1. [ORDINANCE ADOPTION FOR A FIRST AMENDMENT \(DA-20-05\) TO 24-292 THE AUTOMOBILE CLUB OF SOUTHERN CALIFORNIA DEVELOPMENT AGREEMENT \(DA-94-01\) TO ALLOW FOR A 20 YEAR TIME EXTENSION THAT WOULD EXPIRE OCTOBER 31, 2044; TO AMEND PROVISIONS PERTAINING TO THE RATE AND METHODOLOGY FOR CALCULATING TRAFFIC IMPACT FEES; AND, TO AMEND PROVISIONS RELATED TO THE SETBACK OF A FUTURE PARKING STRUCTURE; LOCATED AT 3333 FAIRVIEW ROAD](#)

RECOMMENDATION:

Staff recommends the Planning Commission adopt a Resolution to:

1. Find, pursuant to CEQA Guidelines Section 15162, that the project is within the scope of the June 20, 1994-certified Final Environmental impact Report (EIR) #1045 (State Clearinghouse No. 94021036) for the Auto Club Expansion project. The effects of the project were examined in the 1994 FEIR, and all feasible mitigation measures and alternatives developed in the 1994 FEIR are incorporated into this project and no new mitigation measures are required. Therefore, the 1994 FEIR for the Automobile Club Expansion project is determined to be adequate to serve as the environmental documentation for this project, that no further environmental review is required, and that all requirements of CEQA are satisfied; and
2. Adopt Resolution 2024-XX recommending City Council approval of the first amendment (DA-20-05) to the Automobile Club of Southern California Development Agreement (DA-94-01) by adopting an ordinance to allow for a 20-year time extension until October 31, 2044; to amend provisions pertaining to the rate and methodology for calculating traffic impact fees; and, to amend provisions related to the setback of a future parking structure.

**Attachments:** [Agenda Report](#)

1. [Draft Planning Commission Resolution](#)
2. [Applicant Letter](#)
3. [Vicinity Map](#)
4. [Zoning Map](#)
5. [Development Agreement Between The City of Costa Mesa and The Interinsurance Exchange of The Automobile Club of Southern California](#)
6. [First Amendment to Development Agreement Between The City of Costa Mesa and The Interinsurance Exchange of the Automobile Club](#)
7. [Project Plans](#)
8. [Public Comments](#)

2. [PLANNING APPLICATION 21-28 FOR A CONDITIONAL USE PERMIT 24-294 TO OPERATE A RETAIL CANNABIS STOREFRONT BUSINESS WITH DELIVERY LOCATED AT 2285 NEWPORT BOULEVARD \(“MEDLEAF”\)](#)

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 21-28, subject to conditions of approval.

**Attachments:** [Agenda Report](#)

- [1. Draft Planning Commission Resolution](#)
- [2. Applicant Letter](#)
- [3. Vicinity Map](#)
- [4. Zoning Map](#)
- [5. Site Photos](#)
- [6. Project Plans](#)
- [7. Public Comments](#)

**OLD BUSINESS: NONE.**

**NEW BUSINESS: NONE.**

**DEPARTMENTAL REPORTS:**

1. PUBLIC WORKS REPORT
2. DEVELOPMENT SERVICES REPORT

**CITY ATTORNEY REPORTS:**

1. CITY ATTORNEY REPORT

**ADJOURNMENT**

PLANNING COMMISSION MEETING:

Costa Mesa Planning Commission meets on the second and fourth Monday of each month at 6:00 p.m.

APPEAL PROCEDURE:

Unless otherwise indicated, the decision of the Planning Commission is final at 5:00 p.m., seven (7) days following the action, unless an affected party files an appeal to the City Council, or a member of City Council requests a review. Applications for appeals are available through the City Clerk's Office; please call (714) 754-5225 for additional information.

CONTACT CITY STAFF:

77 Fair Drive, Costa Mesa, CA 92626  
Planning Division (714) 754-5245  
[planninginfo@costamesaca.gov](mailto:planninginfo@costamesaca.gov)



# CITY OF COSTA MESA

## Agenda Report

77 Fair Drive  
Costa Mesa, CA 92626

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**File #:** 24-295

**Meeting Date:** 7/22/2024

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**TITLE:**

**JUNE 24, 2024 UNOFFICIAL MEETING MINUTES**

**DEPARTMENT: ECONOMIC AND DEVELOPMENT SERVICES DEPARTMENT/ PLANNING DIVISION**

**RECOMMENDATION:**

Planning Commission approve the Regular Meeting Minutes of June 24, 2024.

UNOFFICIAL UNTIL APPROVED

**MEETING MINUTES OF THE CITY OF  
COSTA MESA PLANNING COMMISSION****June 24, 2024****CALL TO ORDER**

The Vice Chair called the meeting to order at 6:00 p.m.

**PLEDGE OF ALLEGIANCE TO THE FLAG**

Vice Chair Toler led the Pledge of Allegiance.

**ROLL CALL**

Present: Chair Adam Ereth, Vice Chair Russell Toler, Commissioner Angely Andrade, Commissioner Karen Klepack, Commissioner David Martinez, Commissioner Jonny Rojas, Commissioner Jon Zich

Absent: None

Officials Present: Assistant Director of Development Services Scott Drapkin, Planning and Sustainable Development Manager Bill Rodrigues, Assistant City Attorney Tarquin Preziosi, Senior Planner Michelle Halligan, Assistant Planner Jeffery Rimando, City Engineer Seung Yang and Recording Secretary Anna Partida

**ANNOUNCEMENTS AND PRESENTATIONS:**

None.

**PUBLIC COMMENTS – MATTERS NOT LISTED ON THE AGENDA:**

None.

**PLANNING COMMISSIONER COMMENTS AND SUGGESTIONS:**

Commissioner Martinez thanked the fire department for their quick response to the Fairview Park Fire. He also informed the public of the upcoming Parks and Community Services Commission's upcoming meeting and spoke on their agenda items. He finished his comment by announcing the community meeting for bike lanes at Kaiser Elementary School.

Vice Chair Toler echoed Commissioner Martinez's comment on the Community meeting at Kaiser Elementary School. He stressed the importance of the meeting and encouraged everyone to get involved.

## UNOFFICIAL UNTIL APPROVED

**CONSENT CALENDAR:**

**No member of the public nor Commissioner requested to pull a Consent Calendar item.**

**1. APPROVAL OF MEETING MINUTES: JUNE 10, 2024**

**ACTION:** Planning Commission approved the minutes of the regular meeting of the June 10, 2024.

**MOVED/SECOND:** Toler/Martinez

**MOTION:** Approve recommended action for Consent Calendar Item No. 1.

The motion carried by the following roll call vote:

Ayes: Ereth, Toler, Klepack, Martinez, Rojas, Zich

Nays: None

Absent: None

Abstained: Andrade

Motion carried: 6-0-1

**PUBLIC HEARINGS:**

**1. PLANNING APPLICATION 22-23 FOR A CONDITIONAL USE PERMIT TO OPERATE A RETAIL CANNABIS STOREFRONT BUSINESS WITH DELIVERY LOCATED AT 2905 RED HILL AVENUE (“TERRA FIRMA”)**

**Project Description:** Planning Application 22-23 is a request for a Conditional Use Permit to allow a 3,268-square-foot retail cannabis storefront use with delivery in an existing two-story commercial building located at 2905 Red Hill Avenue.

**Environmental Determination:** The project is exempt from the provisions of the California Environmental Quality Act (CEQA) per CEQA Guidelines Section 15301 (Class 1), Existing Facilities.

Three ex-parte communications reported.

Commissioner Andrade attend Terra Firma’s Open House.

Commissioner Klepack met with the applicant and toured their distribution facility.

Commissioner Martinez met with the applicant.

Michelle Halligan, Senior Planner, presented the staff report.

The Commission asked questions of staff including discussion of security measures for the loading and unloading of the product, if cannabis activity is only

## UNOFFICIAL UNTIL APPROVED

allowed within the building and not permitted in the parking lot, hours of onsite security, why there would be a Traffic Impact Fee when the trip generation did not warrant a traffic study, the consideration of a balance of uses in the immediate vicinity, cannabis retail business tax, how the city conducts their cannabis business inspections, and the reason for separate public and private bike racks at the proposed storefront.

**The Chair opened the Public Hearing.**

Kimber Ward, applicant's representative, stated she had read and agreed to the conditions of approval.

The Commission asked questions of the applicant including discussion of mural design, the applicant's anticipated timeline for opening, incentivizing alternative transportation to and from storefront, the proposed business name, specifics regarding the applicant's competitive advantage over other similar existing uses, current tenants noticing of new use and if any incentives to relocate were given, and the applicant's vision for local partnerships and involvement within the community.

**The Chair opened public comments.**

Olivia Sawyer spoke in favor of the item.

Charles Bolden spoke in favor of the item.

Speaker three spoke in favor of the item.

**The Chair closed public comments.**

The Commission asked questions of the applicant including community response to the community outreach by the applicant and incentives the current tenants received.

The Commission asked additional questions of staff including a brief explanation of the approval process for a potential mural, how customer trip count is calculated, and the condition of approval regarding crime prevention through environmental design techniques.

**The Chair closed the Public Hearing.**

The Commission discussed the process and decision for the Art Commission to review the proposed mural, adding a condition for Arts Commission to review the mural, and making the Planning Commission the final approving body for the mural under consent calendar.



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Chair Ereth made a motion. Seconded by Commissioner Zich.

**MOVED/SECOND:** Ereth/Zich

**MOTION:** Approve staff's recommendation with the addition of a condition for Arts Commission to approve proposed mural with final approval made by Planning Commission.

The motion carried by the following roll call vote:

Ayes: Ereth, Toler, Andrade, Klepack, Martinez, Rojas, Zich

Nays: None

Absent: None

Recused: None

Motion carried: 7-0

**ACTION:** The Planning Commission adopted 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 22-23, subject to conditions of approval.

**NEW CONDITION ADDED BY COMMISSION:**

**General Condition of Approval No. 32** Prior to the installation of any exterior mural at the subject property, the applicant shall provide draft mural plans to the City. Once directed by staff to proceed, the applicant would apply for a Mural Permit through the Totally Electronic Self Service Application (TESSA), to be considered by the Arts Commission. If the application is approved by the Arts Commission, prior to installation, the Planning Commission shall have the opportunity to consider if the mural is consistent with local and State cannabis provisions, and the project conditions of approval. The Planning Commission review shall be agendaized for a regular meeting of the Planning Commission but shall not require a noticed public hearing.

**RESOLUTION PC-2024-16** - A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF COSTA MESA, CALIFORNIA APPROVING PLANNING APPLICATION 22-23 FOR A STOREFRONT RETAIL CANNABIS BUSINESS WITH DELIVERY (TERRA FIRMA) IN THE C1 ZONE AT 2905 RED HILL AVENUE

The Chair explained the appeal process.

**OLD BUSINESS:**

None.

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**NEW BUSINESS:**

None.

**DEPARTMENTAL REPORTS:**

1. Public Works Report – Mr. Yang invited the community to the Santa Ana Avenue bike lane meeting at Kaiser Elementary School. He informed the public of the upcoming Parks and Community Services meeting where Public Works will be presenting park designs for Ketchum-Libolt Park and Shalimar Park.
2. Development Services Report – None.

**CITY ATTORNEY’S OFFICE REPORT:**

1. City Attorney – None.

**ADJOURNMENT AT 7:02 PM**

Submitted by:

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SCOTT DRAPKIN, SECRETARY  
COSTA MESA PLANNING COMMISSION



# CITY OF COSTA MESA

77 Fair Drive  
Costa Mesa, CA 92626

## Agenda Report

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File #: 24-292

Meeting Date: 7/22/2024

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### TITLE:

**ORDINANCE ADOPTION FOR A FIRST AMENDMENT (DA-20-05) TO THE AUTOMOBILE CLUB OF SOUTHERN CALIFORNIA DEVELOPMENT AGREEMENT (DA-94-01) TO ALLOW FOR A 20 YEAR TIME EXTENSION THAT WOULD EXPIRE OCTOBER 31, 2044; TO AMEND PROVISIONS PERTAINING TO THE RATE AND METHODOLOGY FOR CALCULATING TRAFFIC IMPACT FEES; AND, TO AMEND PROVISIONS RELATED TO THE SETBACK OF A FUTURE PARKING STRUCTURE; LOCATED AT 3333 FAIRVIEW ROAD**

**DEPARTMENT: ECONOMIC AND DEVELOPMENT SERVICES DEPARTMENT/ PLANNING DIVISION**

**PRESENTED BY: CHRISTOPHER ALDANA, ASSISTANT PLANNER**

**CONTACT INFORMATION: CHRISTOPHER ALDANA, ASSISTANT PLANNER; 714-754-4868  
christopher.aldana@costamesaca.gov**

### **RECOMMENDATION:**

Staff recommends the Planning Commission adopt a Resolution to:

1. Find, pursuant to CEQA Guidelines Section 15162, that the project is within the scope of the June 20, 1994-certified Final Environmental impact Report (EIR) #1045 (State Clearinghouse No. 94021036) for the Auto Club Expansion project. The effects of the project were examined in the 1994 FEIR, and all feasible mitigation measures and alternatives developed in the 1994 FEIR are incorporated into this project and no new mitigation measures are required. Therefore, the 1994 FEIR for the Automobile Club Expansion project is determined to be adequate to serve as the environmental documentation for this project, that no further environmental review is required, and that all requirements of CEQA are satisfied; and
2. Adopt Resolution 2024-XX recommending City Council approval of the first amendment (DA-20-05) to the Automobile Club of Southern California Development Agreement (DA-94-01) by adopting an ordinance to allow for a 20-year time extension until October 31, 2044; to amend provisions pertaining to the rate and methodology for calculating traffic impact fees; and, to amend provisions related to the setback of a future parking structure.



# **PLANNING COMMISSION**

## **AGENDA REPORT**

MEETING DATE: JULY 22, 2024

ITEM NUMBER: PH-1

**SUBJECT: ORDINANCE ADOPTION FOR A FIRST AMENDMENT (DA-20-05) TO THE AUTOMOBILE CLUB OF SOUTHERN CALIFORNIA DEVELOPMENT AGREEMENT (DA-94-01) TO ALLOW FOR A 20 YEAR TIME EXTENSION THAT WOULD EXPIRE OCTOBER 31, 2044; TO AMEND PROVISIONS PERTAINING TO THE RATE AND METHODOLOGY FOR CALCULATING TRAFFIC IMPACT FEES; AND, TO AMEND PROVISIONS RELATED TO THE SETBACK OF A FUTURE PARKING STRUCTURE; LOCATED AT 3333 FAIRVIEW ROAD**

**FROM: ECONOMIC AND DEVELOPMENT SERVICES DEPARTMENT/  
PLANNING DIVISION**

**PRESENTATION BY: CHRISTOPHER ALDANA, ASSISTANT PLANNER**

**FOR FURTHER INFORMATION CONTACT: CHRISTOPHER ALDANA, ASSISTANT PLANNER  
714-754-4868  
christopher.aldana@costamesaca.gov**

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### **RECOMMENDATION:**

Staff recommends the Planning Commission adopt a Resolution to:

1. Find, pursuant to CEQA Guidelines Section 15162, that the project is within the scope of the June 20, 1994-certified Final Environmental impact Report (EIR) #1045 (State Clearinghouse No. 94021036) for the Auto Club Expansion project. The effects of the project were examined in the 1994 FEIR, and all feasible mitigation measures and alternatives developed in the 1994 FEIR are incorporated into this project and no new mitigation measures are required. Therefore, the 1994 FEIR for the Automobile Club Expansion project is determined to be adequate to serve as the environmental documentation for this project, that no further environmental review is required, and that all requirements of CEQA are satisfied; and
2. Adopt Resolution 2024-XX recommending City Council approval of the first amendment (DA-20-05) to the Automobile Club of Southern California Development Agreement (DA-94-01) by adopting an ordinance to allow for a 20-year time extension until October 31, 2044; to amend provisions pertaining to the rate and methodology for calculating traffic impact fees; and, to amend provisions related to the setback of a future parking structure.

**APPLICANT OR AUTHORIZED AGENT:**

The applicant and authorized agent is Jennifer J. Farrell, Esq., representing the property owner, Interinsurance Exchange Automobile Club of Southern California.

**BACKGROUND:**

The Automobile Club of Southern California (AAA) has operated at 3333 Fairview Road since the 1980s. The site operates and is developed with AAA office and support services that were approved pursuant to Development Review (DR-80-05). The AAA site is a 29.5-acre lot subdivided in 1979 as Parcel 1 of Parcel Map No. 79-381 and an adjacent 9.7-acre site to the west that was later subdivided in 1994 as Parcel 2 of Parcel Map No. 94-120.

**Exhibit 1 – Vicinity Map**

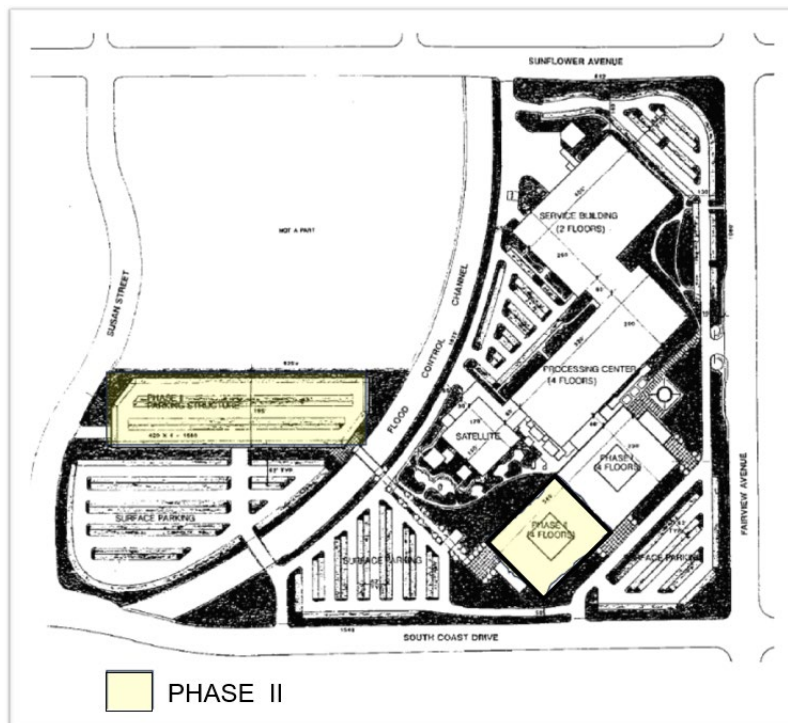


In 1994, the City of Costa Mesa approved a series of applications for the development of the subject property. These approvals include:

- 1) Final Environmental Impact Report #1045;
- 2) General Plan Amendment (GP-94-01A) to redesignate the subject property and the adjacent 9.7-acre parcel from Industrial Park and Medium Density Residential to Urban Center Commercial;
- 3) Rezone (R-94-01) to change the subject property from Industrial Park (MP) and Planned Development Residential-Medium Density (PDR-MD) to Planned Development Commercial (PDC);
- 4) Planning Action (PA-94-15) for a final development plan for a 500,000-square-foot expansion of the existing Automobile Club facility with four-level parking structure with conditional use permit to reduce vehicle trips through a transportation demand management program;
- 5) Tentative Parcel Map (S-94-120) to divide the northerly portion of the Segerstrom Home Ranch site into three parcels to accommodate the proposed project; and
- 6) Development Agreement (DA-94-01)

Exhibit 2, below, depicts the existing site plan along with the 1994-approved expansion.

**Exhibit 2 – DA-94-01 Approved AAA Site Plan**



As indicated above, the 1994 entitlements included a 500,000 square-foot expansion that was planned to occur in two phases. Each phase was to consist of an approximate 250,000 square foot building. Additionally, a four-level 1,840 space parking structure is approved on the adjacent 9.7-acre parcel. To date, AAA has completed Phase I improvements, which total 235,825 square feet of the 500,000-square-foot expansion. This square footage is located in a four-story office building situated south of the existing processing center. Additionally, the 9.7-acre parcel to the west, which has a driveway along Susan Street, has been improved and is utilized as a surface parking lot for AAA employees. This surface parking lot is fenced and is accessed internally by a 40-foot-wide bridge that connects the main AAA facility. The remaining Phase II improvements are shown in yellow-shading on the below Exhibit 2.

The original development agreement (DA-94-01) provided for a 30-year timeframe in which to develop the project. This term will expire on October 31, 2024 unless extended. AAA is in full compliance with all terms of the Development Agreement for the square footage that has been constructed to date, which includes payment of traffic impact fees and Transportation Corridor fees.

In recent years, AAA management has contemplated consolidating their southern California regional operations to their Costa Mesa facility. The square footage that remains to be built pursuant to the Development Agreement is believed to be adequate to accommodate this consolidation. In 2023, AAA approached the City with a request to extend the Development Agreement by 20 years starting on November 1, 2024 to October 31, 2044, in order to accommodate their consolidation plans. During conversations with the applicant, City staff requested additional updates to terms of the development agreement that include the payment of traffic impact fees, and consideration of the setback of the future parking structure from the adjacent residential community, which was contemplated in the original project approval. The applicant was amenable to these updates and has included them in their application.

### **SETTING:**

The project site is located north of South Coast Drive, east of Susan Street and west of Fairview Road. Sunflower Avenue, which is located north of the site, separates the City of Costa Mesa from the City of Santa Ana. The project site consists of two parcels that are bisected by the Greenville Banning Channel. The larger parcel is located east of the channel, is 29.5 acres in size, and is improved with a four-story, 310,000 sq. ft. processing center, a 2-story, 130,000 sq. ft. service building, a one-story, 27,000 sq. ft. satellite building, and a 235,000 sq. ft. (Phase I) office building (approximately 702,825 sq. ft. total). The smaller parcel is 9.7 acres in size and is used as a surface parking lot. The project site is designated Urban Center Commercial (UCC) and is zoned Planned Development Commercial (PDC).



### **Exhibit 3 – Aerial Image of AAA Site and Surrounding Uses**



As shown above in Exhibit 3, properties located across Sunflower Avenue are improved with a gas station, Calvary Chapel Church/High School, and a United States Post Office. Adjacent to and north of the smaller parcel, is a residential community developed in 2003. This residential property is zoned Medium-Density Planned Residential Development (PDR-MD) and consists of detached single-family homes, attached townhomes and condominiums. Located east of the subject property (i.e., across Fairview) is a Medium-Density Planned Residential Development (PDR-MD) zoned property that is developed with a residential neighborhood consisting of two-story detached single-family homes (Wimbledon Village). The property located to the south (across South Coast Drive) is designated for commercial use and is zoned Planned Development Commercial (PDC). This property is a component of the Segerstrom Home Ranch development, which is entitled for future office space and a new fire station. This property is approximately 45 acres in size with 7.5 acres improved with a home, office space for the Festival of Children Foundation, and agriculture support buildings. The remainder of the property is used for agriculture. To the west, across Susan Street, is a 13.78-acre site that is currently improved with a multi-tenant office building and a sports field previously used by the Los Angeles Chargers. The City is currently processing a planning application to redevelop this site with a 1,050 unit apartment complex known as “Hive Live.”



## **REQUEST:**

In support of their long-term plans to consolidate regional business operations in Costa Mesa, AAA proposes the following revisions to the Development Agreement (see Attachment 6):

1. Page 2, Section 2: Change the expiration year from 2024 to 2044. This will extend the Development Agreement for an additional 20 years, commencing on November 1, 2024 and terminating on October 31, 2044.
2. Page 3, Section 6 (a): Update the average daily vehicle trip “ADT” multiplier from .00718 to .00989. This change reflects the current Institute of Transportation Engineers (ITE) trip generation factor for office land uses.
3. Page 4, Section 6 (b): Update the Traffic Impact Fee from \$228 to \$235, or the current rate at time of development, whichever is less. This change is necessary to reflect the City’s current adopted fee.
4. Page 3, Section 5 (e): Specify that the Phase II parking structure shall be proposed a minimum of 60 feet from the existing residential uses located to the north of the smaller parcel to improve land use compatibility.
5. Other non-substantive numbering, references, and/or formatting edits to clarify intent and implement the proposed changes.

As summarized above, the intent of the proposed DA amendment will allow AAA an additional 20 years to complete the previously approved development. In addition, the amendment includes a modification to the project average daily vehicle trip multiplier to update the traffic study conducted more than 20-years ago to current anticipated office use trip demand. Consistent with language in the current DA, the proposed amendment also updates the project traffic impact fee to reflect the City’s current fee rate. Lastly, when the original project DA was approved, the adjacent parcel to the north of the subject property was unimproved with no development contemplated. At that time and in consideration of potential development compatibility of the site, two project exhibits were provided (see Exhibits 3 and 4 below) showing either a 20-foot or a 60-foot setback from the proposed AAA parking garage to the north property line of the adjacent vacant property. As stipulated in the AAA entitlements, the greater of the two setback distances is to be used if the adjacent property is developed with residential. This distance was adopted as a mitigation measure within the final EIR and was included as Condition of Approval #7 within PA-94-15. Since the neighboring site has now been developed with residential, language within the first amendment to the development agreement is proposed to clarify that a minimum 60-foot setback from the adjacent residential property to the proposed parking garage is required.

### Exhibit 3 – Illustration of the 20' North Parking Structure Setback

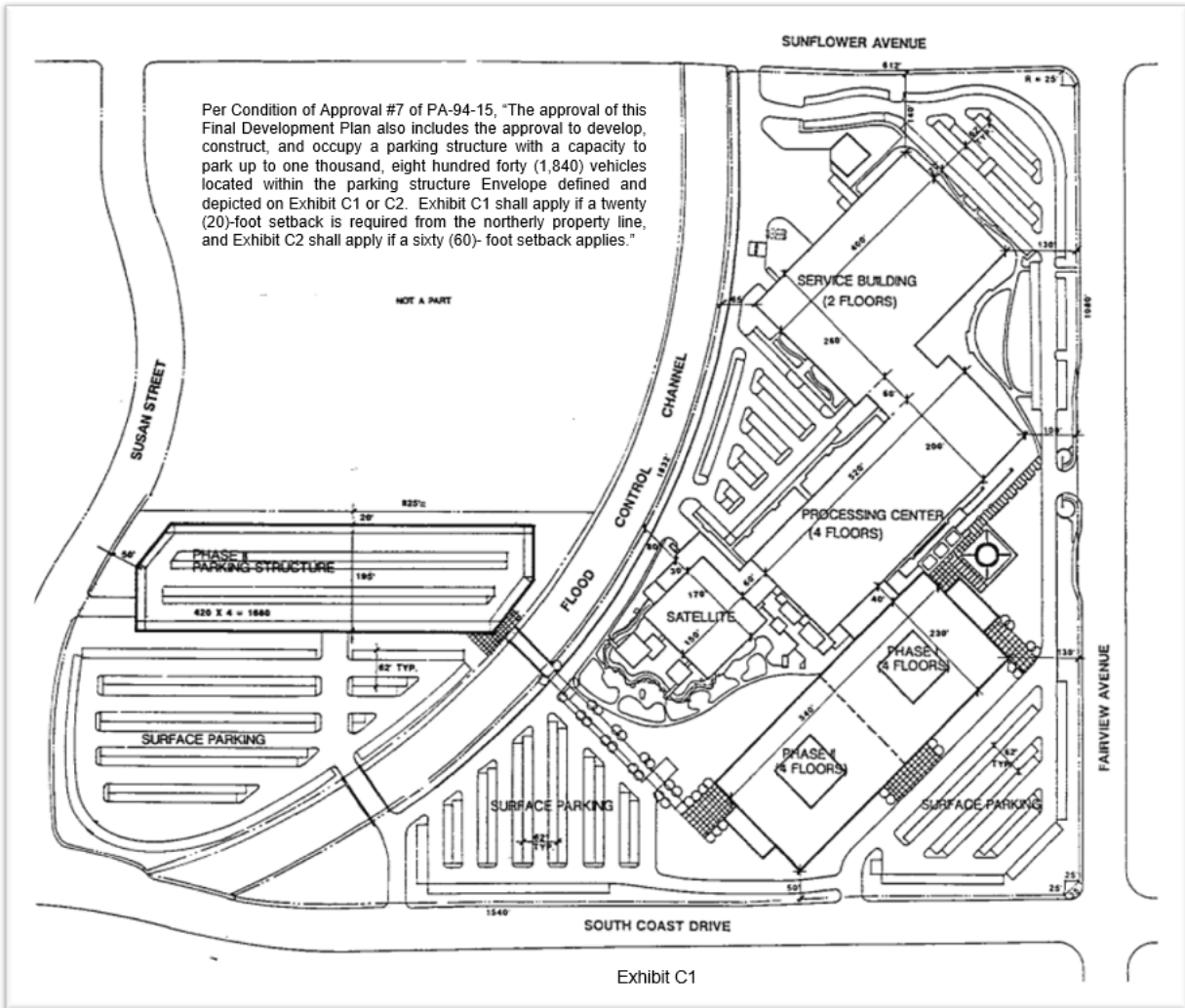
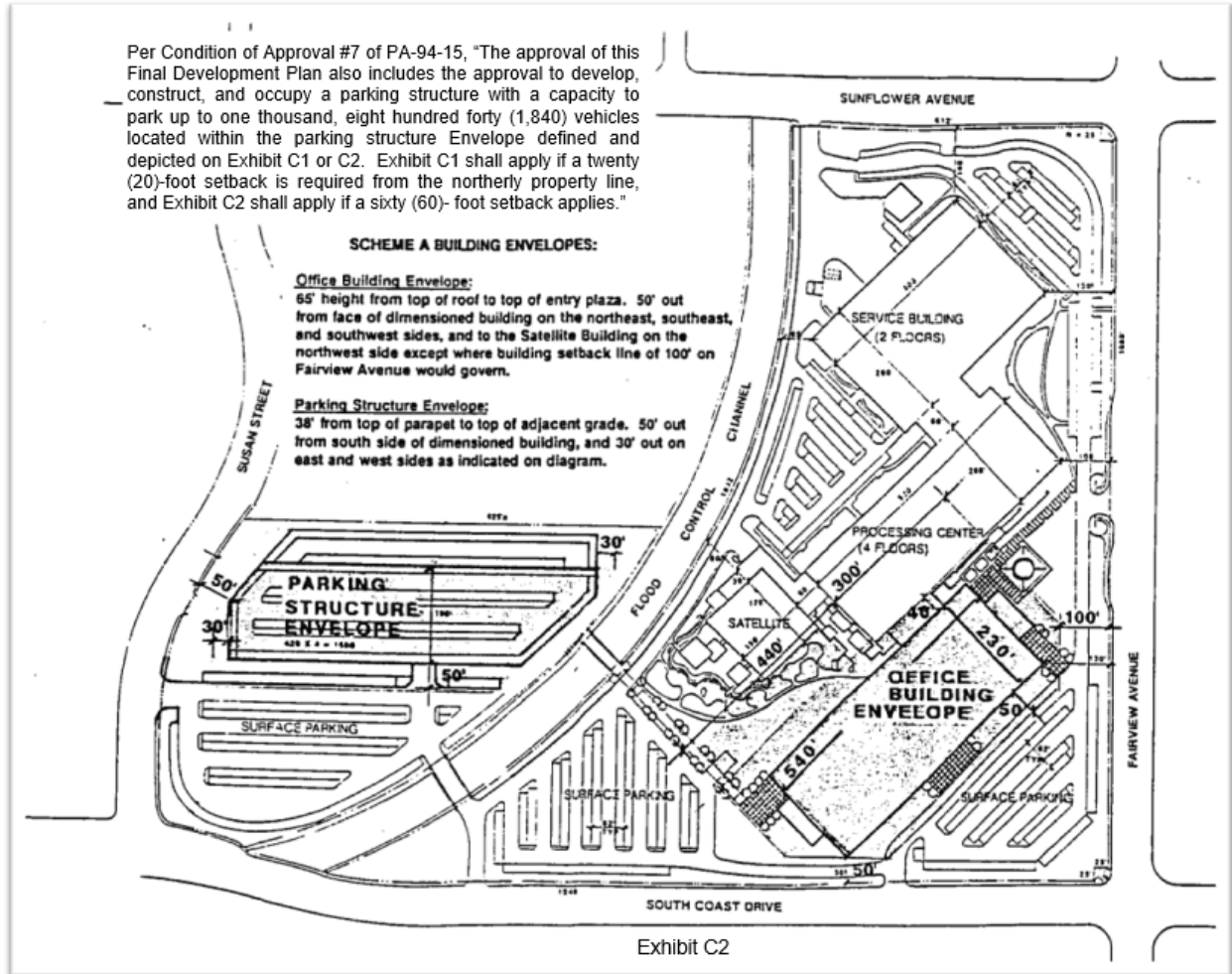


Exhibit C1

## Exhibit 4 – Illustration of the 60-Foot North Parking Structure Setback



### **JUSTIFICATIONS FOR APPROVAL:**

#### ***Amendment to Development Agreement***

Pursuant to City Council Resolution No. 88-53, Development Agreement Procedures and Requirements, and Government Code Section 65865(c), staff recommends approval of the requested amendments, based on the following assessment of facts and findings, which are also reflected in the draft Resolution:

- *The Development Agreement between the City of Costa Mesa and Developer is:*
  - *Consistent with the objectives, policies, general land uses and programs specified in the General Plan and with the General Plan as a whole;*
  - *Compatible with the uses authorized in, and the existing land use regulations prescribed for, the zoning district in which the real property is and will be located; and*

- Is in conformity with and will promote public convenience, general welfare, and good land use practice.

The proposed first amendment to the development agreement is consistent with General Plan policies and objectives, primarily objective LU-6C, in that the long-term build-out of the AAA office campus will support the retention and expansion of the City's employment base with diverse and quality employment opportunities. Additionally, the City's Land Use Element specifies that the "Urban Center Commercial" Land Use District is intended to "allow for high-intensity mixed-use commercial development within a limited area" and identifies that one of the four major developments located within the Urban Center Commercial Land Use District is the "Automobile Club of Southern California". The proposed development is also compatible with the existing land uses located north of Interstate 405 which includes larger developments such as South Coast Plaza, Metro Pointe, IKEA and the Segerstrom Center for the Arts. Lastly, AAA has operated from this site since 1980 without any impacts to surrounding uses, including the nearby residential developments.

- The Development Agreement between the City of Costa Mesa and Developer will not:
  - Be detrimental to the health, safety and general welfare; and
  - Adversely affect the orderly development of property or the preservation of property values.

This AAA headquarters has operated at the site since 1980 and there have been no incompatibilities with the surrounding uses. The proposed use, size, and intensity of the project is consistent with the existing development within the general area located north of the 405 freeway, and would not be detrimental to the health, safety, and general welfare of the community. There are no modifications proposed to the site's previously entitled development intensity and only minor considerations are proposed to improve the site's physical layout to avoid potential impacts to nearby residential development. As such, the extension of the DA will not be detrimental to the health, safety and general welfare, or adversely affect the orderly development of property or the preservation of property values.

#### **ENVIRONMENTAL DETERMINATION:**

Pursuant to CEQA Guidelines Section 15162 this project remains within the scope of the June 20, 1994 certified Final Environmental Impact Report (FEIR) #1045 (State Clearinghouse No. 94021036) for the AAA Expansion project. The effects of the project were examined in the 1994 FEIR, and all feasible mitigation measures and alternatives developed in the 1994 FEIR are incorporated into this project, and no new mitigation measures are required. Therefore, the 1994 FEIR for AAA Expansion project is determined to be adequate to serve as the environmental documentation for this

project, no further environmental review is required, and that all requirements of CEQA are satisfied.

### **ALTERNATIVES:**

Other than the recommended action, the Planning Commission may consider the following alternatives:

1. Recommend Approval of the project with modifications. The Planning Commission may suggest specific changes for City Council consideration that are appropriate to alleviate concerns or improve the project.
2. Recommend Denial of the project. If the Planning Commission believes that there are insufficient facts to support the findings for approval, the Planning Commission must recommend denial of the application, provide facts in support of the denial recommendation, and direct staff to forward the denial recommendation to the City Council.

### **LEGAL REVIEW:**

The draft Resolution has been approved as to form by the City Attorney's Office.

### **PUBLIC NOTICE:**

Pursuant to CMMC Section 13-29(d) three types of public notification have been completed no less than 10 days prior to the date of the public hearing:

1. **Mailed notice.** A public notice was mailed to all property owners and occupants within a 500-foot radius of the project site. The required notice radius is measured from the external boundaries of the property.
2. **On-site posting.** A public notice was posted on each street frontage of the project site.
3. **Newspaper publication.** A public notice was published once in the Daily Pilot newspaper.

In response to the public notice, staff has received one comment letter (see Attachment 8). The commentor requested additional information from staff relating to the proposed parking structure location. Staff spoke with the commentor by phone and addressed their questions. The commentor then indicated to staff that they had no concerns.

Public comments received after the Planning Commission Agenda is published can be viewed at this link: <https://costamesa.legistar.com/Calendar.aspx>

**CONCLUSION:**

An Ordinance for DA 94-01 was adopted by the City Council in 1994 and included a 30-year time frame for completion. Unless extended, the DA will expire on October 31, 2024. As approved, the AAA development consists of two phases of which only Phase I has been completed. AAA is now interested in completing the second phase of the approved entitlements to consolidate regional operations in Costa Mesa. Beyond extending the date of expiration, updating the rate and method of calculating traffic impact fees, and modifying language pertaining to the location of a future parking structure, there are no changes to the DA agreement. Staff is in support of the proposed first amendment because the extended term will retain a large local employer, allow the City the opportunity to benefit from the remaining traffic impact fees which would be used on road improvement projects, and the development will create additional quality employment opportunities. Finally, the proposal is in conformance with the City's General Plan.

**RESOLUTION NO. PC-2024-xx**

**A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF COSTA MESA, CALIFORNIA RECOMMENDING CITY COUNCIL APPROVAL OF THE FIRST AMENDMENT (DA-20-05) TO THE DEVELOPMENT AGREEMENT BETWEEN THE CITY OF COSTA MESA AND INTERINSURANCE EXCHANGE OF THE AUTOMOBILE CLUB OF SOUTHERN CALIFORNIA (DA-94-01) TO ALLOW FOR A 20 YEAR TIME EXTENSION THAT WOULD EXPIRE ON OCTOBER 31, 2044; AND TO UPDATE THE RATE AND METHODOLOGY FOR CALCULATING TRAFFIC IMPACT FEES; AND, TO AMEND PROVISIONS RELATED TO THE SETBACK OF A FUTURE PARKING STRUCTURE; LOCATED AT 3333 FAIRVIEW ROAD**

THE PLANNING COMMISSION OF THE CITY OF COSTA MESA, CALIFORNIA FINDS AND DECLARES AS FOLLOWS:

WHEREAS, First Amendment (DA-20-05) to the Development Agreement between the City of Costa Mesa and Interinsurance Exchange of the Automobile Club of Southern California (DA-94-01) was filed by Jennifer J. Farrell Esg., authorized agent for the property owner, Interinsurance Exchange Automobile Club of Southern California, requesting approval of the following, which are depicted in more specific detail in Exhibit B attached hereto:

- A 20-year time extension that would expire on October 31, 2044,
- Update to the rate and methodology for calculating traffic impact fees, and
- Update to the setback of a future parking structure.

WHEREAS, a duly noticed public hearing was held by the Planning Commission on July 22, 2024 with all persons having the opportunity to speak for and against the proposal;

WHEREAS, pursuant to CEQA Guidelines Section 15162, the project is within the scope of the June 20, 1994-certified Final Environmental impact Report (EIR) #1045 (State Clearinghouse No. 94021036) for the Auto Club Expansion project. The effects of the project were examined in the 1994 FEIR, and all feasible mitigation measures and alternatives developed in the 1994 FEIR are incorporated into this project and no new mitigation measures are required. Therefore, the 1994 FEIR for the Automobile Club Expansion project is determined to be adequate to serve as the environmental

documentation for this project, that no further environmental review is required, and that all requirements of CEQA are satisfied.

NOW, THEREFORE, based on the evidence in the record and the findings contained in Exhibit A, and modifications as shown in Exhibit B, the Planning Commission hereby recommends approval of First Amendment (DA-20-05) to the Development Agreement between the City of Costa Mesa and Interinsurance Exchange of the Automobile Club of Southern California (DA-94-01) with respect to the property described above.

BE IT FURTHER RESOLVED that the Costa Mesa Planning Commission does hereby find and determine that adoption of this Resolution is expressly predicated upon the activity as described in the staff report for the First Amendment (DA-20-05) to the Development Agreement between the City of Costa Mesa and Interinsurance Exchange of the Automobile Club of Southern California (DA-94-01) and compliance of all applicable federal, state, and local laws.

BE IT FURTHER RESOLVED that if any section, division, sentence, clause, phrase or portion of this resolution, or the document in the record in support of this resolution, are for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining provisions.

**PASSED AND ADOPTED this 22nd day of July, 2024.**

---

Adam Ereth, Chair  
Costa Mesa Planning Commission



STATE OF CALIFORNIA )  
COUNTY OF ORANGE )ss  
CITY OF COSTA MESA )

I, Scott Drapkin, Secretary to the Planning Commission of the City of Costa Mesa, do hereby certify that the foregoing Resolution No. PC-2024- \_\_ was passed and adopted at a regular meeting of the City of Costa Mesa Planning Commission held on July 22, 2024 by the following votes:

AYES: COMMISSIONERS

NOES: COMMISSIONERS

ABSENT: COMMISSIONERS

ABSTAIN: COMMISSIONERS

---

Scott Drapkin, Secretary  
Costa Mesa Planning Commission

Resolution No. PC-2024-\_\_

## EXHIBIT A

### FINDINGS

DA-20-05 is a request for 20-year time extension that would expire on October 31, 2044, and to also amend provisions of Development Agreement DA-94-01 pertaining to the rate and methodology for calculating Traffic Impact Fees and the setback for a future parking structure. The requested amendments do not change the previously approved project plans. Therefore, the findings, and the facts in support of those findings, contained in the Ordinances and Resolutions for Final Environmental Impact Report #1045, General Plan Amendment (GP-94-01A), Rezone (R-94-01), Planning Action (PA-94-15), Tentative Parcel Map (S-94-120), and Development Agreement (DA-94-01) remain true and in effect. The following findings, and facts in support of those findings, pertain only to the scope of the proposed amendments.

Pursuant to City Council Resolution No. 88-53, Development Agreement Procedures and Requirements, and Government Code Section 65865(c), staff recommends approval of the requested amendments, based on the following assessment of facts and findings:

- The Development Agreement between the City of Costa Mesa and Developer is:
  - Consistent with the objectives, policies, general land uses and programs specified in the General Plan and with the General Plan as a whole;
  - Compatible with the uses authorized in, and the existing land use regulations prescribed for, the zoning district in which the real property is and will be located; and
  - Is in conformity with and will promote public convenience, general welfare, and good land use practice.

The proposed amendment to the DA is consistent with General Plan policies and objectives, primarily objective LU-6C, in that the long-term build-out of the AAA office campus will support the retention and expansion of the City's employment base with diverse and quality employment opportunities. Additionally, the City's Land Use Element specifies that the "Urban Center Commercial" Land Use District is intended to "allow for high-intensity mixed-use commercial development within a limited area", and identifies that one of the four major developments located within the Urban Center Commercial Land Use District is the "Automobile Club of Southern California". The proposed development is also compatible with the existing land uses located North of Interstate 405 which includes larger developments such as The South Coast Plaza, Metro Pointe, IKEA and the Segerstrom Center for the Arts. Lastly, AAA has operated from this site since 1980 without any impacts to surrounding uses, including the nearby residential developments.

- The Development Agreement between the City of Costa Mesa and Developer will not:
  - Be detrimental to the health, safety and general welfare; and
  - Adversely affect the orderly development of property or the preservation of property values.

This AAA headquarters has operated at the site since 1980 and there have been no incompatibilities with the surrounding uses. The proposed use, size, and intensity of the project is consistent with the existing development within the general area located north of the 405 freeway, and would not be detrimental to the health, safety, and general welfare of the community. There are no modifications proposed to the site's previously entitled development intensity and only minor considerations are proposed to improve the site's physical layout to avoid potential impacts to nearby residential development. As such, the extension of the DA will not be detrimental to the health, safety and general welfare, or adversely affect the orderly development of property or the preservation of property values.

**EXHIBIT B**

**REVISED DEVELOPMENT AGREEMENT AMENDMENT**

**Provided under Separate Cover**

**EXHIBIT B – REVISED DEVELOPMENT AGREEMENT 20-05**

DRAFT

RECORDING REQUESTED BY AND WHEN  
RECORDED MAIL TO:

City of Costa Mesa  
PO Box 1200  
Costa Mesa, CA 92628-1200  
Attn: City Clerk

Space Above This Line for Recorder's Use (Exempt  
from Recording Fee per Gov't Code §6103 and §27383)

**FIRST AMENDMENT TO  
DEVELOPMENT AGREEMENT  
BETWEEN  
THE CITY OF COSTA MESA  
AND  
THE INTERINSURANCE EXCHANGE OF THE  
AUTOMOBILE CLUB**

## **FIRST AMENDMENT TO DEVELOPMENT AGREEMENT**

This First Amendment to Development Agreement (the “Amendment”) is entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 2024 (“First Amendment Effective Date”), by and between the CITY OF COSTA MESA (“City”), and the INTERINSURANCE EXCHANGE OF THE AUTOMOBILE CLUB, formerly known as the Interinsurance Exchange of the Automobile Club of Southern California (“Owner”). Each party may be referred to individually as “Party” or together as the “Parties”.

### **RECITALS**

A. WHEREAS, pursuant to Section 65864 *et seq.* of the Government Code and the City’s adopted rules and procedures, the Parties entered into that certain Development Agreement dated October 5, 1994 and recorded in the official records of Orange County, California on November 1, 1994, as instrument number 94-0641379 (the “Development Agreement”); and

B. WHEREAS, among other purposes, the City entered into the Development Agreement in furtherance of the City’s policy to support the retention and expansion of businesses located in the City in order to increase employment, maintain a stable tax base, attract new businesses, and promote a diversified, stable, and healthy local economy; and

C. WHEREAS, the assurances provided by the Development Agreement were and remain necessary to provide the certainty which will allow the Owner to make the long-term commitments involved in consolidating its facilities and operations in the City; and

D. WHEREAS, the Project on the Property (as defined and described in the Development Agreement) has not been completed based, in part, by the interruption starting in early 2020 in the Owner’s development and planning caused by the COVID-19 pandemic, uncertainty in space needs caused by the changing trends in remote and hybrid work, uncertainty in the configuration of spaces in buildings due to safety protocols and other changing trends, and the evolving business needs of the Owner, all of which merit additional time to complete the development of the Project; and

E. WHEREAS, extending the term of the Development Agreement and updating specified City fees, with all of the terms and conditions in the Development Agreement otherwise remaining the same, continue to further the City’s policy to support the retention and expansion of businesses located in the City in order to increase employment, maintain a stable tax base, attract new businesses, and promote a diversified, stable, and healthy local economy; and

F. WHEREAS, the best interests of the citizens of Costa Mesa, and the public health, safety and welfare, are served by extending the term of the Development Agreement as provided herein; and

G. WHEREAS, the Amendment and the Project are consistent with the City’s General Plan; and

H. WHEREAS, pursuant to Section 65868 of the Government Code and the City’s adopted rules and procedures, this Amendment has been reviewed by City Staff, the Planning Commission, and the City Council; and

I. WHEREAS, the City and Owner have a mutual interest, based on the Recitals in the Agreement and as set forth herein above, to extend the term of the Development Agreement.

**AGREEMENT**

NOW, THEREFORE, in consideration of the terms and conditions set forth herein, and for good and valuable consideration, the Parties do hereby agree as follows:

1. Except as expressly defined in this Amendment, all capitalized words and phrases shall have the same meaning ascribed to them in the Development Agreement.

2. The term of the Development Agreement shall be extended for an additional twenty (20) years (“Extension Term”), commencing on November 1, 2024, which is the first day after the last day of the 30-year term set forth in Section 2.3 of the Development Agreement. For purposes of the Agreement, the “term” or “Term” of the Agreement shall include the entire period for which the Development Agreement is operative, including the initial 30-year term and Extension Term.

3. To correct duplicative numbering in Article 2 of the Development Agreement, the second Section numbered “2.4” shall be renumbered to “2.5”, and the Section numbers thereafter in Article 2 shall likewise be renumbered, so that the Sections numbered “2.5” and “2.6” shall be renumbered to “2.6” and “2.7”, respectively.

4. The Owner notice addresses in the Development Agreement in Section 2.7(b), as modified by this Amendment, shall be deleted in their entirety and replaced with the following:

“If to OWNER:

Interinsurance Exchange of the Automobile Club 3333  
Fairview Road, A410  
Costa Mesa, California 92626  
Attn: Vice President, Administrative Services with

copies to:

Interinsurance Exchange of the Automobile Club 3333  
Fairview Road, A491  
Costa Mesa, California 92626 Attn:  
General Counsel”

5. The proposed Phase II parking structure location shall be addressed in Section 3.7 of the Development Agreement, relating to changes to the Existing Development Approvals which



shall be deemed “minor,” by adding a new clause as clause (e) and renumbering clause (e) to (f) in the last sentence of Section 3.7, to read as follows:

“Unless otherwise required by law, a change to the Existing Development Approvals shall be deemed ‘minor’ and not require an amendment to this Agreement provided such change does not:

(e) Decrease the setback distance requirements for the proposed Phase II parking structure from the northern property boundary, as set forth in Item #5 (Shade and Shadows) of the Inventory of Mitigation Measures, attached as part of Exhibit “B” to City Council Resolution No. 94-54. (Relocation of the Phase II parking structure shall be proposed further away from the existing residential uses north of the smaller parcel to improve compatibility and to minimize potential adverse impacts of the parking structure proximate to residential units); or,

(f) Constitute a project requiring a subsequent or supplemental environmental impact report pursuant to Section 21166 of the Public Resources Code.”

Except as amended above, all of the terms and conditions set forth in Section 3.7 of the Development Agreement shall remain in full force and effect.

6. The Development Exactions in Section 3.9(b), clauses (i) and (iii), of the Development Agreement shall be amended as follows:

(a) During the Extension Term as defined above, the first sentence of clause (i) of Section 3.9(b) is amended such that the ADT generated by the second phase of development shall be calculated by multiplying .00989 times the number of square feet of building area to be constructed under the building permit, to read as follows:

“The ADT generated by new development shall be calculated by multiplying .00718 times the number of square feet of building area to be constructed under the building permit; provided, however, that during the Extension Term, the ADT generated by the second phase of development shall be calculated by multiplying .00989 times the number of square feet of building area to be constructed under the building permit.”

Except as amended above, all of the terms and conditions set forth in clause (i) of Section 3.9(b) of the Development Agreement shall remain in full force and effect.

(b) During the Extension Term as defined above, clause (iii) of Section 3.9(b) of the Development Agreement shall be amended by adding the following sentences at the end of the paragraph, to read as follows:

“Commencing on the Extension Term, the traffic impact fee shall be adjusted to two hundred thirty-five dollars (\$235.00) per ADT. For any building permit issued during the Extension Term, the traffic impact fee shall be the lesser of

either \$235 per ADT or the amount per ADT then in effect in accordance with Section 13-274 of the CITY Planning, Zoning and Development Code or successor CITY ordinance.”

Except as amended above, all of the terms and conditions set forth in clause (iii) of Section 3.9(b) of the Development Agreement shall remain in full force and effect.

7. The Development Exactions in Section 3.9(c), clauses (ii) and (iii), of the Development Agreement shall be amended as follows:

(a) During the Extension Term as defined above, the last sentence of clause (ii) of Section 3.9(c) shall be amended so that the modified traffic impact fee of two hundred thirty-five dollars (\$235.00) and provisions applicable during the Extension Term are incorporated into this clause (ii), to read as follows:

“Any such payment by OWNER or refund by CITY shall be made within thirty days of submittal of such traffic study and shall be based on the lesser of either two hundred twenty-eight dollars (\$228.00) (or, during the Extension Term, two hundred thirty-five dollars (\$235.00) per ADT or the amount per ADT then in effect under Section 13-326 (or, during the Extension Term, Section 13-274) of the CITY Planning Zoning and Development Code or any successor CITY ordinance.”

Except as amended above, all of the terms and conditions set forth in clause (ii) of Section 3.9(c) of the Development Agreement shall remain in full force and effect.

(b) During the Extension Term as defined above, the last sentence of clause (iii) of Section 3.9(c) of the Development Agreement shall be amended so that the modified traffic impact fee of two hundred thirty-five dollars (\$235.00) and provisions applicable during the Extension Term are incorporated into this clause (iii), to read as follows:

“Any such payment by OWNER or refund by CITY shall be made within thirty (30) days of submittal of such second traffic study and shall be based on the lesser of two-hundred twenty-eight dollars (\$228.00) (or, during the Extension Term, two hundred thirty-five dollars (\$235.00) per ADT or the amount per ADT then, in effect under Section 13-326 (or, during the Extension Term, Section 13-274) of the CITY Planning, Zoning and

Development Code or any successor CITY ordinance.”

Except as amended above, all of the terms and conditions set forth in clause (iii) of Section 3.9(c) of the Development Agreement shall remain in full force and effect.

8. Except as expressly modified by this Amendment, all of the terms and conditions set forth in the Development Agreement shall remain the same and shall be in full force and effect.

[signatures on next page]

IN WITNESS WHEREOF, Developer and City have executed this Amendment as of the First Amendment Effective Date.

**“CITY”**  
CITY OF COSTA MESA

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

ATTEST:

CITY CLERK

By: \_\_\_\_\_  
Name: \_\_\_\_\_

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**“OWNER”**  
INTERINSURANCE EXCHANGE OF  
THE AUTOMOBILE CLUB

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

APPROVED AS TO FORM:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

DRAFT

# ATTACHMENT 2

## Automobile Club of Southern California

Automobile Club of Southern California (the “Auto Club”), a California nonprofit mutual benefit corporation, was founded on December 13, 1900, in Los Angeles as one of the nation's first motor clubs dedicated to improving roads, proposing traffic laws, and improvement of overall driving conditions. The Auto Club, and its eight other affiliated motor clubs located throughout the United States, comprise the largest motor club group within the American Automobile Association (“AAA”) national federation and serve more than 8 million members in Southern California and more than 17 million members across 21 states. The Auto Club provides various products and services to its AAA members, including roadside assistance, insurance, and travel. The Interinsurance Exchange of the Automobile Club (the “Exchange”), a California domiciled insurance company, is the Auto Club’s largest affiliated insurer and offers automobile, homeowners, personal liability, and watercraft insurance to nearly 3.5 million Auto Club members. The Exchange owns the subject property located at 3333 Fairview Road (the “Costa Mesa Campus”) and is party to the agreements with the City of Costa Mesa for developing the Costa Mesa Campus.

Significantly, the Auto Club is one of the largest employers, if not the largest employer, in the City of Costa Mesa, and one of the largest employers in Orange County. According to data available on the California Economic Development Department (“EDD”) website, the Auto Club is listed as a “Major Employer” in Orange County. As such, the Auto Club is a significant economic driver in not only Costa Mesa but also Orange County.

Employer Name	Location	Industry
<a href="#">Abbvie</a>	Irvine	Pharmaceutical Research Laboratories
<a href="#">American Funds</a>	Irvine	Services NEC
<a href="#">Anaheim City Hall</a>	Anaheim	City Hall
<a href="#">Auto Club of S California</a>	Costa Mesa	Automobile Clubs
<a href="#">B Braun Medical Inc</a>	Irvine	Physicians & Surgeons Equip & Supls-Mfrs
<a href="#">Boeing Co Coml Airlines Spprt</a>	Seal Beach	Call Centers
<a href="#">Broadcom Corp</a>	Irvine	Semiconductors & Related Devices (mfrs)
<a href="#">California State Univ Filrtn</a>	Fullerton	Schools-Universities & Colleges Academic
<a href="#">Edwards Lifesciences Corp</a>	Irvine	Orthopedic Prosthetic/Srgcl Appl (mfrs)
<a href="#">Fairview Developmental Ctr</a>	Costa Mesa	Hospitals
<a href="#">James R Glidewell Dental Crmcs</a>	Irvine	Dentists
<a href="#">Jefferson School of Philosophy</a>	Laguna Hills	Books School & Textbooks
<a href="#">Judicial Council of California</a>	Santa Ana	Federal Government Contractors
<a href="#">Kaiser Permanente Orange</a>	Anaheim	Hospitals
<a href="#">Laguna Woods Village Cmnty Ctr</a>	Laguna Woods	Senior Citizens Service
<a href="#">Largo Concrete</a>	Tustin	Concrete Contractors
<a href="#">Media Relations Dept-Ca Dept</a>	Anaheim	Government Offices-State
<a href="#">Menzies Aviation</a>	Costa Mesa	Aircraft Ground Support & Service Equip
<a href="#">Mission Hospital</a>	Mission Viejo	Hospitals
<a href="#">Pacifi Care Health Systems LLC</a>	Cypress	Insurance
<a href="#">Providence St Joseph Hosp Org</a>	Orange	Hospitals
<a href="#">Providence St Jude Medical Ctr</a>	Fullerton	Hospitals
<a href="#">Pylusd Schools</a>	Placentia	Schools

The full list of “Major Employers,” as identified by America’s Labor Market Information System (ALMIS) Employer Database, 2024 1<sup>st</sup> Edition, may be accessed on EDD’s website at: <https://labormarketinfo.edd.ca.gov/majorer/countymajorer.asp?CountyCode=000059>.

Since the Auto Club desires to continue its presence in Costa Mesa and to grow its operations, we have submitted an application to amend the term of the currently operative 1994 Development Agreement (as defined below). The proposed amendment is simple and straightforward. It extends the term of the 1994 Development Agreement – with no other proposed changes – for an additional twenty (20) years from the current expiration date of October 31, 2024.

The Auto Club has long been dedicated to a presence in Costa Mesa and the development of facilities there dating back to 1979. As more fully described below, the Auto Club started developing the Costa Mesa Campus well before the currently operative 1994 Development Agreement was approved in 1994. With the proposed amendment, the Auto Club seeks to continue their progress and strong business connection to the City of Costa Mesa.

### **Purchase and 1980s Development of Costa Mesa Campus**

In 1979, the Auto Club purchased raw land in Costa Mesa to support the Auto Club’s substantial Southern California growth. In 1980, there were plans for a two phase development of the property with Phase I consisting of three structures and Phase II with an additional two buildings. Phase I, completed in 1985, consisted of a processing center, satellite building and service center/warehouse totaling 467,000 square feet with 1,010 parking stalls. After the completion of Phase I, the Auto Club and the City engaged in discussions to revisit and expand upon the Phase II proposal, which ultimately became the subject of the 1994 Development Agreement.

### **1990s Entitlements and Development of Costa Mesa Campus**

By the 1990s, the Auto Club outgrew its Los Angeles headquarters – located in its landmark 100-year-old South Figueroa Street building – and began expansion planning efforts to transition most of its administrative operations from Los Angeles to Costa Mesa. In 1993-1994, Auto Club applied for the following entitlements from the City:

- A General Plan Amendment (“GPA”) to change approximately 39.2 acres from Industrial Park and Medium Density Residential to Urban Center Commercial.
- A rezone (Zone Change) of approximately 39.2 acres from Industrial Park and Planned Development Residential-Medium Density to Planned Development Commercial.
- A final development plan (Final Development Plan) for a 500,000 square foot expansion of Auto Club’s facility in two phases, including two 4-story office buildings (250,000 square feet each) and one 4-level parking structure with 1,840 parking spaces (the “Proposed Project”).
- A Development Agreement subject to a term of 30 years (ending October 31, 2024) (“1994 Development Agreement”).
- A parcel map to divide the northerly portion of the Segerstrom Home Ranch site into three parcels to accommodate the Proposed Project.

These Entitlements were approved by the City between June through November 1994. Additional raw land was purchased in 1994 to accommodate the additional planned development.

The 1994 Development Agreement contemplates two phases of development on the Costa Mesa

Campus:

- *Phase I:* 1,010 new surface parking spaces distributed on the 39.2 acres, creating a total of 2,165 parking spaces. A new 250,000 square foot office building, allowing an additional 687 people onsite, bringing the total square footage of the Campus’s buildings to 717,000 square feet, excluding a parking structure.
- *Phase II:* A 4-level parking structure, not to exceed 35 feet above grade, to be constructed on the northwestern portion of the site. The EIR and GPA documents contemplate a parking structure with 1,860 parking spaces. Along with the parking structure, a second 250,000 square foot office building, bringing another estimated 687 additional employees to the Campus.

Collectively, the approved planned development, when fully built out, would provide 967,000 total square feet of building space and 2,976 total parking spaces (856 surface spaces and 1,860 structure spaces) on the Costa Mesa Campus. The Auto Club completed development of Phase 1 in 1997 and most of the Auto Club’s administrative operations are now housed in Costa Mesa. We commonly refer to the Campus as the Costa Mesa Administrative Offices.

**Growth Plans**

In 2019, the Costa Mesa Campus was reaching capacity. Auto Club initiated aggressive carpooling and ride share programs to mitigate parking concerns and planning started for Phase II of the development plans.

Due to the effects of the 2020 COVID-19 pandemic, many of staffing plans significantly changed. Work from home was a necessity for our operations. In order to remain relevant in a competitive employee marketplace, Auto Club aggressively revamped work from home strategies. These new staffing strategies provided substantial surplus space across our portfolio. Through our facilities utilization process, we looked to dispose of smaller regional sites while strengthening our Costa Mesa operations. Our total number of staff allocated to the Costa Mesa Campus is currently 2,940, of which about 1,900 come into the office at any given day. (See Current Staffing chart below.)

**PRE-COVID STAFFING STATISTICS**

Year	Total Staff	Staff In Office	Required Parking	Parking Stalls	Remaining Stalls
2017	2,892	2,754	2,203	2,275	72
2018	2,959	2,809	2,247	2,275	28
2019	3,044	2,865	2,292	2,275	(17)
2020	2,645	600	480	2,275	1,795
2021	2,750	1,254	1,003	2,275	1,272
2022	2,800	1,589	1,271	2,275	1,004
2023	2,940	1,895	1,516	2,275	759

**ANTICIPATED STAFFING GROWTH**

Year	Total Staff	Staff In Office	Required Parking	Parking Stalls	Remaining Stalls	
2024	2,940	1,933	1,546	2,275	729	
2025	2,984	1,972	1,577	2,275	698	
2026	3,029	2,011	1,609	2,275	666	
2027	3,074	2,051	1,641	2,275	634	
2028	3,120	2,092	1,674	2,275	601	
2029	3,167	2,134	1,707	2,275	568	
2030	3,215	2,177	1,741	2,275	534	
2031	3,263	2,220	1,776	2,275	499	
2032	3,312	2,265	1,812	2,275	463	
2033	3,362	2,310	1,848	2,275	427	
2034	3,412	2,356	1,885	2,275	390	
2035	3,463	2,403	1,923	2,275	352	
2036	3,515	2,451	1,961	2,275	314	
2037	3,568	2,500	2,000	2,275	275	
2038	3,621	2,550	2,040	2,275	235	
2039	3,676	2,601	2,081	2,275	194	
2040	3,731	2,653	2,123	2,275	152	Submit for permitting
2041	3,787	2,707	2,165	2,275	110	<i>Phased Construction</i>
2042	3,844	2,761	2,209	2,275	66	
2043	3,901	2,816	2,253	2,275	22	
2044	3,960	2,872	2,298	2,976	678	Completion

**Shifting Business Operations**

The Costa Mesa Campus was originally developed for both call center operations and back office administrative support. Many of the call center operations have downsized and have implemented “work from home” strategies. This has allowed for growth in higher paying technology and management positions that are primarily in the office. The Costa Mesa Campus remains the largest facility among the Auto Club’s real estate portfolio. The facilities house the majority of executive leadership along with key leadership personnel for the organization.



## **Campus Expansion Outlook**

The Auto Club anticipates a substantial need for the planned Phase II building and parking space in the next 10 to 20 years to accommodate future growth. Our goal is to continue to modernize and expand the Costa Mesa Administrative Offices to provide quality space for our employees. As more employees return to the office or are hired, the offices will continue to grow and the need for parking will increase. Our estimated milestones to ensure our Costa Mesa Campus can accommodate the future growth plans are as follows:

- 2030: Auto Club develops a 10-year occupancy plan.
- 2040: Auto Club secures necessary permits and approvals.
- 2041 - 2043: Auto Club commences phased construction for both parking structure and additional office space.
- 2044: Construction complete.

## **Completed & Pending Items / Conclusion**

As the employment and projected growth data (above) indicate, the Costa Mesa Campus is anticipated to reach full build-out – pursuant to the already-approved, current land use entitlements – between 2041-2043. With the issuance by the City of the Certificates of Occupancy on August 25, 1997 (Costa Mesa Building Permit No. B81204), August 25, 1997 (Costa Mesa Building Permit No. B81204 [Offices]), September 5, 1997 (Costa Mesa Building Permit No. B83128, B81585 [Offices]), October 2, 1997 (Costa Mesa Building Permit No. B83651 [Offices]), October 18, 1997 (Costa Mesa Building Permit No. B81205, B83002 [Offices]), and October 28, 1997 (Costa Mesa Building Permit No. B83935 [Company Store]), all of the development requirements set forth in the 1994 Development Agreement for Phase I at the Costa Mesa Campus were completed. The development requirements that are pending under the agreement are those for Phase II.

Thus, the Auto Club has submitted a request for the simple amendment to the 1994 Development Agreement to extend the term for 20 years. And while COVID-19 delayed plans for build-out of Phase II under the 1994 Development Agreement, the Auto Club's ultimate development plans still align with that agreement's current entitlements. Therefore, the Auto Club respectfully requests that the City grant the simple amendment to 1994 Development Agreement.





Parcels



Map Created on 7/1/2024 by Costa Mesa Information Technology. Data Source: Esri, City of Costa Mesa. Scale 1 : 3,300  
Disclaimer: The City of Costa Mesa makes no guarantee as to the accuracy of any of the information provided and assumes no liability for any errors, omissions, or inaccuracies.









RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:

DOC # 94-0641379  
01-NOV-1994 02:43 PM

Recorded in Official Records  
of Orange County, California  
Lee A. Branch, County Recorder  
Page 1 of 32 Fees: \$ 0.00  
Tax: \$ 0.00

CITY CLERK  
CITY OF COSTA MESA  
P.O. BOX 1200  
COSTA MESA, CA 92628-1200

Exempt recording requested  
per Government Code 6103.

(SPACE ABOVE THIS LINE FOR RECORDER'S USE)

DEVELOPMENT AGREEMENT BETWEEN

THE CITY OF COSTA MESA

and

THE INTERINSURANCE EXCHANGE OF

THE AUTOMOBILE CLUB OF SOUTHERN CALIFORNIA

11/1/94

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DEVELOPMENT AGREEMENT

This Development Agreement (hereinafter "Agreement") is entered into effective on the date it is recorded with the Orange County Recorder (hereinafter the "Effective Date") by and between the CITY OF COSTA MESA (hereinafter "CITY"), and the INTERINSURANCE EXCHANGE OF THE AUTOMOBILE CLUB OF SOUTHERN CALIFORNIA (hereinafter "OWNER").

RECITALS

WHEREAS, CITY is authorized to enter into binding development agreements with persons having legal or equitable interests in real property for the development of such property, pursuant to Section 65864, et seq. of the Government Code; and,

WHEREAS, CITY has adopted rules and regulations for consideration of development agreements, pursuant to Section 65865 of the Government Code; and,

WHEREAS, OWNER has requested CITY to enter into a development agreement and proceedings have been taken in accordance with the rules and regulations of CITY; and,

WHEREAS, by electing to enter into this Agreement, CITY shall bind future City Councils of CITY by the obligations specified herein and limit the future exercise of certain governmental and proprietary powers of CITY; and,

WHEREAS, it is the policy of the CITY to support the retention and expansion of businesses located in the CITY in order to increase employment, maintain a stable tax base, attract new businesses, and promote a diversified, stable, and healthy local economy; and,

WHEREAS, the assurances provided by this Agreement are necessary in order to provide the certainty which will allow OWNER to make the long-term commitments involved in consolidating its facilities and operations in the CITY; and,

WHEREAS, the retention and expansion of OWNER's business pursuant to this Agreement will substantially promote a diversified, stable, and healthy local economy, serving to retain approximately twelve hundred jobs in the CITY and ultimately producing an additional thirteen hundred fifty local jobs; and,

WHEREAS, the terms and conditions of this Agreement have undergone extensive review by CITY, its Planning Commission and City Council and have been found to be fair, just and reasonable; and,

WHEREAS, the best interests of the citizens of Costa Mesa and the public health, safety and welfare will be served by entering into this Agreement; and,

WHEREAS, all of the procedures of the California Environmental Quality Act (Public Resources Code Section 21000 et seq.) have been met with respect to the Project and this Agreement; and,

WHEREAS, this Agreement and the Project (as hereinafter defined) are consistent with the CITY General Plan; and,

WHEREAS, all actions taken and approvals given by CITY have been duly taken or approved in accordance with all applicable legal requirements for notice, public hearings, findings, votes, and other procedural matters; and,

WHEREAS, development of the Property in accordance with this Agreement will provide substantial benefits to CITY and will further important policies and goals of CITY; and,

WHEREAS, this Agreement will eliminate uncertainty in planning and provide for the orderly development of the Property, ensure progressive installation of necessary improvements, provide for public services appropriate to the development of the Project, and generally serve the purposes for which development agreements under Sections 65864, et seq. of the Government Code are intended; and,

WHEREAS, OWNER has incurred and will in the future incur substantial costs in order to assure development of the Property in accordance with this Agreement.

#### COVENANTS

NOW, THEREFORE, in consideration of the above recitals and of the mutual covenants hereinafter contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

#### 1. DEFINITIONS AND EXHIBITS.

1.1 Definitions. The following terms when used in this Agreement shall be defined as follows:

1.1.1 "Agreement" means this Development Agreement.

1.1.2 "CITY" means the City of Costa Mesa, a municipal corporation organized and existing under the laws of the State of California.

1.1.3 "Development", "development", and "develop" mean the improvement of the Property for the purposes of completing the structures, improvements and facilities comprising the



Project including, but not limited to: grading; the construction of infrastructure and public facilities related to the Project whether located within or outside the Property; the construction, demolition, reconstruction and redevelopment of buildings and structures; and the installation of landscaping.

1.1.4 "Development Approvals" means all permits and other entitlements for use subject to approval or issuance by CITY in connection with development of the Property including, but not limited to:

- (a) Tentative and final subdivision and parcel maps;
- (b) Conditional use permits, final development permits and variances;
- (c) Zoning;
- (d) Grading and building permits.
- (e) Occupancy permits.

1.1.5 "Development Exaction" means any requirement of CITY in connection with or pursuant to any Land Use Regulation or Development Approval for the dedication of land, the construction of public improvements or public facilities, or the payment of fees in order to lessen, offset, mitigate or compensate for the impacts of development on the environment or other public interests.

1.1.6 "Development Plan" means the Existing Development Approvals and the Existing Land Use Regulations applicable to development of the Property.

1.1.7 "Effective Date" means the date this Agreement is recorded with the Orange County Recorder.

1.1.8 "Existing Development Approvals" means all Development Approvals approved or issued prior to the Effective Date. Existing Development Approvals includes the Development Approvals incorporated herein as Exhibit "C" and all other Development Approvals which are a matter of public record on the Effective Date.

1.1.9 "Existing Land Use Regulations" means all Land Use Regulations in effect on the Effective Date. The Existing Land Use Regulations are listed on Exhibit "D" and incorporated herein by reference.

1.1.10 "Index" means the Engineering News-Record Construction Cost Index for Los Angeles published monthly in the Engineering News-Record by McGraw-Hill, Inc. The Index for January 1994 was 6474.60. In the event the publication of the

Index is discontinued or the basis of calculating the Index is modified, then CITY and OWNER shall jointly select an alternative index of construction costs which is most nearly the same as the Index.

1.1.11 "Land Use Regulations" means all ordinances, resolutions, codes, rules, regulations and official policies of CITY governing the development and use of land, including, without limitation: the permitted use of land; the density or intensity of use; subdivision requirements; the maximum height and size of proposed buildings; Development Exactions; regulations regarding the rate, time or sequence of development; and the design, improvement and construction standards and specifications applicable to the development of the Property. "Land Use Regulations" includes any CITY ordinance or regulation adopted by initiative or referendum.

1.1.12 "OWNER" means the Interinsurance Exchange of the Automobile Club of Southern California, a reciprocal insurer organized under the California Insurance Code to serve the members of the Automobile Club of Southern California, a California non-profit mutual benefit corporation, and its successors in interest to all or any part of the Property.

1.1.13 "Mortgagee" means a mortgagee of a mortgage, a beneficiary under a deed of trust or any other secured lender, and their successors and assigns.

1.1.14 "Project" means the development of the Property as provided by the Development Plan as such Development Plan may be further defined, enhanced or modified pursuant to the provisions of this Agreement.

1.1.15 "Property" means the real property described on Exhibit "A" and shown on Exhibit "B" to this Agreement.

1.1.16 "Resolution No. 88-53" means the CITY resolution adopted on July 19, 1988 titled "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COSTA MESA, CALIFORNIA, ESTABLISHING PROCEDURES AND REQUIREMENTS FOR CONSIDERATION OF DEVELOPMENT AGREEMENTS."

1.1.17 "Subsequent Development Approvals" means all Development Approvals required subsequent to the Effective Date in connection with development of the Property.

1.1.18 "Subsequent Land Use Regulations" means any Land Use Regulations adopted and effective after the Effective Date of this Agreement.

1.2 Exhibits. The following documents are attached to, and by this reference made a part of, this Agreement:

Exhibit "A" —  
Legal Description of the Property.

Exhibit "B" —  
Map showing Property and its location.

Exhibit "C" —  
Existing Development Approvals.

Exhibit "D" —  
Existing Land Use Regulations.

## 2. GENERAL PROVISIONS.

2.1 Binding Effect of Agreement. The Property is hereby made subject to this Agreement. Development of the Property is hereby authorized and shall be carried out in accordance with the terms of this Agreement.

2.2 Ownership of Property. OWNER represents and covenants that it is the owner of a legal or equitable interest in the Property.

2.3 Term. The term of this Agreement shall commence on the Effective Date and shall continue for a period of thirty (30) years thereafter unless this term is modified or extended pursuant to the provisions of this Agreement.

2.4 Assignment. OWNER shall have the right to sell, assign or transfer the Property in whole or in part (provided that no such partial transfer shall violate the Subdivision Map Act, Government Code Section 66410 et seq.) to any person, partnership, joint venture, firm or corporation at any time during the term of this Agreement. Any such sale, assignment or transfer may include the assignment of those rights, duties and obligations arising under or from this Agreement which are applicable to the Property or part thereof being assigned, transferred or sold; provided, however, that no such assignment of this Agreement shall be effective without the prior written approval of the CITY, which approval shall not be unreasonably withheld. OWNER shall give written notice to CITY of its intent to assign this Agreement, in whole or in part, at least thirty (30) days prior to making such assignment, and CITY shall give written notice to OWNER approving or disapproving such proposed assignment, within thirty (30) days of receipt of such notice of intent to assign. If CITY fails to give notice to OWNER approving or disapproving any proposed assignment within thirty (30) days of receipt of the notice of intent to assign, such failure shall be deemed approval of the proposed assignment. No sale, transfer, or assignment of any right or interest under this Agreement shall be made unless made together with the sale, transfer, or assignment of all or a part of the Property. The express written assumption of any or all of the obligations of OWNER under this Agreement by such assignee, transferee or

purchaser shall relieve OWNER of its legal duty to perform such obligations under this Agreement. Any purchaser, assignee or transferee of OWNER shall have all of the rights, duties and obligations of OWNER under this Agreement insofar as such rights, duties and obligations are applicable to the Property or part thereof purchased, assigned or transferred.

2.4 Amendment or Cancellation of Agreement. This Agreement may be amended or cancelled in whole or in part only by written consent of all parties in the manner provided for in Government Code Section 65868. This provision shall not limit any remedy of CITY or OWNER as provided by this Agreement.

2.5 Termination. This Agreement shall be deemed terminated and of no further effect upon the occurrence of any of the following events:

(a) Expiration of the stated term of this Agreement as set forth in Section 2.3.

(b) Entry of a final judgment setting aside, voiding or annulling the adoption of the ordinance approving this Agreement or otherwise invalidating this Agreement.

(c) The adoption of a referendum measure overriding or repealing the ordinance approving this Agreement.

(d) Completion of the Project in accordance with the terms of this Agreement including issuance of all required occupancy permits. Termination pursuant to this paragraph shall not be deemed to occur until OWNER provides written notice to CITY of completion of the Project.

Termination of this Agreement shall not constitute termination of any other Development Approvals approved for the Property.

## 2.6 Notices.

(a) As used in this Agreement, "notice" includes, but is not limited to, the communication of notice, request, demand, approval, statement, report, acceptance, consent, waiver, appointment or other communication required or permitted hereunder.

(b) All notices shall be in writing and shall be considered given either: (i) when delivered in person to the recipient named below; or (ii) on the date of delivery shown on the return receipt, after deposit in the United States mail in a sealed envelope as either registered or certified mail with return receipt requested, and postage and postal charges prepaid, and addressed to the recipient named below; or (iii) on the date of delivery shown in the records of the telegraph company after

transmission by telegraph to the recipient named below. All notices shall be addressed as follows:

If to CITY:

City of Costa Mesa  
77 Fair Drive  
Costa Mesa, California 92626  
Attn: City Manager

with a copy to:

City of Costa Mesa  
77 Fair Drive  
Costa Mesa, California 92626  
Attn: City Attorney

If to OWNER:

Interinsurance Exchange of the  
Automobile Club of Southern California  
2601 South Figueroa Street  
Los Angeles, California 90007-3294  
Attn: Director of Administrative Services

with copies to:

Interinsurance Exchange of the  
Automobile Club of Southern California  
2601 South Figueroa Street  
Los Angeles, California 90007-3294  
Attn: General Counsel

and

Pillsbury Madison & Sutro  
600 Anton Boulevard, Suite 1100  
Costa Mesa, CA 92626  
Attention: Robert L. Klotz

(c) Either party may, by notice given at any time, require subsequent notices to be given to another person or entity, whether a party or an officer or representative of a party, or to a different address, or both. Notices given before actual receipt of notice of change shall not be invalidated by the change.

### 3. DEVELOPMENT OF THE PROPERTY.

3.1 Rights to Develop. Subject to the terms of this Agreement, OWNER shall have a vested right to develop the Property in accordance with, and to the extent of, the Development Plan. The Project shall remain subject to all Subsequent Development Approvals required to complete the Project

as contemplated by the Development Plan. Except as otherwise provided in this Agreement, the permitted uses of the Property, the density and intensity of use, the maximum height and size of proposed buildings, and provisions for reservation and dedication of land for public purposes shall be those set forth in the Development Plan.

3.2 Effect of Agreement on Land Use Regulations. Except as otherwise provided under the terms of this Agreement, the Land Use Regulations applicable to development of the Property shall be the Existing Land Use Regulations, and no Subsequent Land Use Regulation shall be applicable to the Project. If there is any conflict between any Existing Land Use Regulation and any other provision of this Agreement, such other provision of this Agreement shall be controlling.

3.3 Timing of Development. The parties acknowledge that OWNER cannot at this time predict when or the rate at which phases of the Project will be developed. Such decisions depend upon numerous factors which are not within the control of OWNER, such as business demand, interest rates, competition and other similar factors. Since the California Supreme Court held in Pardee Construction Co. v. City of Camarillo (1984) 37 Cal.3d 465, that the failure of the parties therein to provide for the timing of development resulted in a later adopted initiative restricting the timing of development to prevail over such parties' agreement, it is the parties' intent to cure that deficiency by acknowledging and providing that OWNER shall have the right to develop the Property in such increments and in such order and at such rate and at such times as OWNER deems appropriate within the exercise of its subjective business judgment, subject only to any timing or phasing requirements set forth in the Development Plan. In the event any Subsequent Land Use Regulation is enacted which relates to the rate, timing or sequencing of development of property within the CITY, CITY agrees that such Subsequent Land Use Regulation shall not apply to the Project. In addition to and not in limitation of the foregoing, CITY agrees that no moratorium or other limitation affecting subdivision maps, building permits or other entitlements for use within the CITY or any part of the CITY shall apply to the Project.

3.4 Environmental Review. CITY certifies that Environmental Impact Report No. 1045 ("EIR"), prepared in conjunction with the Project, is a complete and accurate document which satisfies all the requirements of the California Environmental Quality Act ("CEQA", Public Resources Code, Section 21000 et seq.) and the State CEQA Guidelines (14 California Code of Regulations 15000 et seq.) with respect to the Project and this Agreement. CITY agrees that no mitigation measures arising out of environmental concerns that are not incorporated in the Existing Development Approvals shall be imposed on the Project except as otherwise provided in this Section. CITY has reviewed the Development Plan and determined

that all Subsequent Development Approvals required to implement the Existing Development Approvals are "ministerial" as defined in CEQA and the State CEQA Guidelines and therefore exempt from review under Section 21080 of the Public Resources Code. Accordingly, CITY shall not require any further review pursuant to CEQA for any Subsequent Development Approval unless OWNER applies for a Subsequent Development Approval amending the Development Plan which requires discretionary action by the CITY and unless one or more of the events set forth in Section 21166 of the Public Resources Code occurs.

3.5 Duration of Development Approvals. Notwithstanding any provision of the Existing Land Use Regulations (including without limitation the provisions of Sections 13-254 and 13-349 of the CITY Planning, Zoning and Development Code), all Existing Development Approvals and all Subsequent Development Approvals shall remain valid and effective for all purposes during the term of this Agreement unless OWNER consents in writing to earlier termination.

3.6 Subsequent Development Approvals Implementing the Development Plan. In addition to the existing Development Approvals, completion of development in accordance with the Development Plan will require the approval and issuance by the CITY of Subsequent Development Approvals including without limitation grading permits, building permits, and occupancy permits. CITY acknowledges and agrees that all such Subsequent Development Approvals required to implement and complete development in accordance with the Development Plan are ministerial in nature. In acting on such Subsequent Development Approvals, CITY shall act promptly, reasonably and in accordance with the Development Plan. CITY shall approve and issue any such Subsequent Development Approval within one hundred twenty (120) days after CITY accepts an application therefor as complete, provided such application complies with the Development Plan. No later than thirty (30) days after receipt of an application for any such Subsequent Development Approval, City shall notify OWNER in writing whether the application is complete, specifying any information required to make the application complete.

3.7 Changes and Amendments to Existing Development Approvals. The parties acknowledge that refinement and further development of the Project may require Subsequent Development Approvals which change the Existing Development Approvals. In the event OWNER finds that a change in the Existing Development Approvals is necessary or appropriate, OWNER shall apply for a Subsequent Development Approval to effectuate such change and CITY shall promptly process and act on such application in accordance with the Existing Land Use Regulations, except as otherwise provided by this Agreement. If approved, any such change in the Existing Development Approvals shall be incorporated herein as an addendum to Exhibit "C", and may be further changed from time to time as provided in this Section. Unless otherwise required by law, a change to the Existing

Development Approvals shall be deemed "minor" and not require an amendment to this Agreement provided such change does not:

- (a) Alter the permitted uses of the Property as a whole; or,
- (b) Increase the density or intensity of use of the Property as a whole; or,
- (c) Increase the maximum height and size of permitted buildings; or,
- (d) Delete a requirement for the reservation or dedication of land for public purposes within the Property as a whole; or,
- (e) Constitute a project requiring a subsequent or supplemental environmental impact report pursuant to Section 21166 of the Public Resources Code.

**3.8 Reservations of Authority.** Notwithstanding any other provision of this Agreement, the following Subsequent Land Use Regulations shall apply to the development of the Property.

(a) Generally applicable processing fees and charges imposed by CITY to cover the actual costs to CITY of processing applications for Development Approvals or for monitoring compliance with any Development Approvals granted or issued. Such processing fees and charges shall not exceed the reasonable estimated costs of providing such services.

(b) Regulations which are not in conflict with the Development Plan. Any Development Exaction, any Land Use Regulation which increases the costs of development and any Land Use Regulation, whether adopted by initiative or otherwise, limiting the rate or timing or sequencing of development of the Property shall be deemed to conflict with the Development Plan and shall therefore not be applicable to the development of the Property.

(c) Regulations which are in conflict with the Development Plan provided OWNER has given written consent to the application of such regulations to development of the Property.

**3.9 Development Exactions.**

(a) All Development Exactions applicable to the Project are included in the Existing Development Approvals incorporated herein as Exhibit "C". CITY shall not impose any Development Exaction on development in accordance with the Development Plan except as set forth in Exhibit "C." In approving any Subsequent Development Approval amending the



Development Plan as provided in Section 3.7 of this Agreement, CITY shall not impose any Development Exaction which would exceed the Development Exactions included in the Existing Development Approvals provided such Subsequent Development Approval does not alter the permitted uses of the Property as a whole or increase the density or intensity of use of the Property as a whole. CITY acknowledges and agrees that OWNER would not proceed with the Project but for the foregoing limitation on Development Exactions and the other assurances provided by this Agreement. CITY has determined that the maintenance and expansion of a diverse employment base within the CITY, the direct and indirect contributions to overall economic activity within the CITY, and the positive fiscal impact associated with the Project substantially contribute to the public welfare notwithstanding the limitation on Development Exactions contained in this Agreement.

(b) OWNER shall pay a traffic impact fee for each new average daily vehicle trip end ("ADT") generated by all new development on the Property. This traffic impact fee shall be paid prior to issuance of a building permit for each phase of the Project and shall be determined as follows:

(i) The ADT generated by new development shall be calculated by multiplying .00718 times the number of square feet of building area to be constructed under the building permit. The number of square feet of building area shall not include any building area within any parking structure. If any phase of the Project involves both the demolition of an existing building and the construction of a new building, the determination of the number of square feet of new building area shall be reduced by the building area to be demolished. CITY acknowledges and agrees that construction of the first phase of the Project will produce a decrease of sixty-three (63) ADT as a result of the elimination of that number of trips between the Property and other offices of OWNER, and CITY therefore agrees that the number of ADT calculated for the first building permit for the first phase of the Project shall be reduced by sixty-three (63). This reduction shall be subject to confirmation and adjustment as described in paragraph (c) of this Section.

(ii) For any building permit issued within three (3) years of the Effective Date, the traffic impact fee shall be the lesser of either two hundred twenty-eight dollars (\$228.00) per ADT or the amount per ADT then in effect under Section 13-326 of the CITY Planning, Zoning and Development Code or any successor CITY ordinance.

(iii) For any building permit issued more than three (3) years after the Effective Date, the traffic impact fee of two hundred twenty-eight dollars (\$228.00) per ADT shall be adjusted for inflation in accordance with the Index by multiplying two hundred twenty-eight dollars (\$228.00) by a fraction, the numerator of which is the Index on the date of issuance of the building permit and the denominator of which is

the Index on the Effective Date. For any building permit issued more than three (3) years after the Effective Date, the traffic impact fee shall be the lesser of either such inflation-adjusted amount per ADT or the amount per ADT then in effect under Section 13-326 of the CITY Planning, Zoning and Development Code or any successor CITY ordinance.

(c) The ADT generated by new development on the Property and the traffic impact fee payable as a result of such ADT shall be subject to confirmation and adjustment in accordance with the following procedures:

(i) No earlier than thirty (30) months and no later than thirty-six (36) months after the issuance of certificate(s) of occupancy for new development totalling 200,000 square feet of building area or more, OWNER shall submit a traffic study to the CITY. This traffic study shall be prepared under the direction of the CITY Director of Public Services at OWNER's expense by a professional traffic consultant selected by OWNER, and shall provide actual daily vehicle trip counts for the Property for a period consisting of not less than two twenty-four hour days, which days shall not include any holiday or weekend day. The traffic study shall calculate ADT by averaging the actual daily vehicle trip counts over the number of days studied.

(ii) If the ADT counted pursuant to such traffic study exceeds the sum of 3353 and the ADT calculated pursuant to paragraph (b)(i) of this Section, OWNER shall pay to CITY an additional traffic impact fee for each such additional ADT. If the ADT counted pursuant to such traffic study is less than the sum of 3353 and the ADT calculated pursuant to paragraph (b)(i) of this Section, CITY shall pay to OWNER a refund of impact fees for each such reduced ADT. Any such refund or refund by CITY shall be made within thirty days of such traffic study and shall be based on the lesser of two hundred twenty-eight dollars (\$228.00) per ADT or the amount per ADT then in effect under Section 13-326 of the CITY Planning Zoning and Development Code or any successor ordinance.

(iii) No earlier than thirty (30) months and no later than thirty-six months after the issuance of certificate(s) of occupancy for new development totalling 450,000 square feet of building area or more, OWNER shall submit a second traffic study to CITY prepared in accordance with the provisions of paragraph (c)(i) of this Section. If the ADT counted pursuant to such second traffic study exceeds the sum of the ADT counted in the first traffic study prepared pursuant to paragraph (c)(i) of this Section and the ADT calculated pursuant to paragraph (b)(i) above for all new development occupied subsequent to the preparation of such first traffic study, OWNER shall pay to CITY an additional traffic impact fee for each such additional ADT. If the ADT counted pursuant to such second traffic study is less

than the sum of the ADT counted pursuant to paragraph (c)(i) of this Section and the ADT calculated pursuant to paragraph (b)(i) of this Section for all new development occupied subsequent to the preparation of such first traffic study, CITY shall pay to OWNER a refund of traffic impact fees for each such reduced ADT. Any such payment by OWNER or refund by CITY shall be made within thirty (30) days of submittal of such second traffic study and shall be based on the lesser of two-hundred twenty-eight dollars (\$228.00) per ADT (adjusted for inflation as provided in paragraph (b)(iii) of this Section) or the amount per ADT then in effect under Section 13-326 of the CITY Planning, Zoning and Development Code or any successor CITY ordinance.

(d) Notwithstanding any provision of the Existing Land Use Regulations (including without limitation the provisions of Section 13-326 of the CITY Planning, Zoning and Development Code), CITY may utilize the traffic impact fees received pursuant to this Agreement for the construction or improvement of any road, street, on-ramp, off-ramp or intersection within the CITY.

(e) Notwithstanding any provision of the Existing Land Use Regulations, the Project shall not be subject to any requirement of the CITY with respect to a conditional use permit for a transportation demand management program.

3.10 Regulation by Other Public Agencies. It is acknowledged by the parties that other public agencies not within the control of CITY possess authority to regulate aspects of the development of the Property separately from or jointly with CITY and this Agreement does not limit the authority of such other public agencies. OWNER agrees that the traffic-related development fees imposed by the joint powers authority known as the San Joaquin Hills Corridor Agency shall not be limited by this Agreement. CITY shall not oppose any application by OWNER to any other public agency for any permit or approval which is required for the Project. CITY shall provide to OWNER or to such other public agencies information possessed by CITY and necessary for processing such applications, and OWNER shall reimburse CITY for the actual and reasonable costs of providing such information.

#### 4. CONFLICTS OF LAW.

4.1 Conflict with State or Federal Laws. In the event that State or Federal laws or regulations, enacted after the Effective Date of Agreement, prevent or preclude compliance with one or more of the provisions of this Agreement, such provisions of this Agreement shall be modified or suspended as may be necessary to comply with such State or Federal laws or regulations; provided, however, that this Agreement shall remain in full force and effect to the extent it is not inconsistent with such laws or regulations and to the extent such laws or

regulations do not render such remaining provisions impractical to enforce.

4.2 Notice. Any party which determines that it cannot perform any act authorized or required by the Agreement due to a conflict described in Section 4.1 shall, within fifteen (15) days of making such determination, provide all other parties with written notice of such State or Federal law or regulation and a statement of the conflict with provisions of this Agreement.

4.3 Modification conference. The parties shall, within thirty (30) days after notice is provided in Section 4.2, hereof, meet and confer in good faith in an reasonable attempt to modify this Agreement to comply with such law or regulation.

4.4 City Council Hearing. Within thirty (30) days after the modification conference, regardless of whether the parties reach an agreement on the effect of such law or regulation upon this Agreement, the matter shall be scheduled for hearing before the City Council. Notice of such hearing shall be given pursuant to Section 65090 of the Government Code. The City Council, at such hearing, shall determine the exact modification or suspension which shall be necessitated by such law or regulation. OWNER shall have the right to offer oral and written testimony at the hearing. No modification or suspension of this Agreement shall be effective unless approved by the affirmative vote of not less than a majority of the authorized voting members of the City Council and by OWNER.

4.5 Cooperation in Securing Permits or Approvals. CITY shall use its best efforts to assist OWNER in the timely securing of any permits or approvals which may be required as a result of such modifications to, or suspensions of, all or any part of this Agreement.

4.6 Challenge Regarding New Law or Regulation. OWNER or CITY shall have the right to challenge by appropriate judicial proceedings any such new law or regulation preventing compliance with the terms of this Agreement or the modification or suspension of this Agreement. In the event that such challenge is successful, this Agreement shall remain unmodified and in full force and effect.

## 5. RESTRICTION ON SPECIAL DISTRICTS.

During the term of this Agreement, CITY and OWNER agree that no assessment district or special tax district including all or any part of the Property, will be created by the CITY or any agency or instrumentality of the CITY, unless OWNER expressly then grants such authority and concurs in the creation of such district and the terms and conditions of any assessments or special taxes to be levied thereunder. The provisions of this Section 5 shall apply only to assessment districts and special tax districts including developed property. The Property shall

be considered developed property provided building permit(s) for a first phase of development comprising at least 200,000 square feet of building area are issued within three (3) years of the Effective Date. The provisions of this Section 5 shall not be applicable to the levy or collection by CITY of any tax which is paid to the general fund of the CITY, including, but not limited to, any CITY general tax on utility service.

## 6. PERIODIC REVIEW.

6.1 Procedure. CITY shall, at least every twelve (12) months during the term of this Agreement, review the extent of good faith substantial compliance by OWNER with the terms of this Agreement in accordance with Government Code Section 65865.1 and Resolution No. 88-53 and as further provided in this Section. OWNER shall have the duty to demonstrate its good faith substantial compliance with the terms of this Agreement at such periodic review. OWNER shall furnish such evidence of good faith substantial compliance as the CITY in the exercise of its reasonable discretion may require. Either party may address any requirements of this Agreement during the review. However, ten (10) days' written notice of any requirement to be addressed shall be made by the requesting party. If at the time of review an issue not previously identified in writing is required to be addressed, the review at the request of either party shall be continued to afford sufficient time for analysis and preparation. CITY shall not terminate or modify this Agreement except upon failure of OWNER to perform a material duty or obligation under this Agreement which has not been cured by OWNER as provided under Section 8.3 of this Agreement.

6.2 Information to Be Provided OWNER. CITY shall deposit in the mail to OWNER a copy of all staff reports, exhibits and other evidence concerning Agreement performance a minimum of ten (10) calendar days prior to any such review or action upon this Agreement by the Planning Commission or the City Council.

6.3 Failure to Perform Periodic Review. The failure of the CITY to review at least annually OWNER's compliance with the terms and conditions of this Agreement shall not constitute or be asserted by either party as a breach by the other party of this Agreement.

## 7. ESTOPPEL CERTIFICATES.

Either party may at any time, and from time to time, deliver written notice to the other party requesting that the other party certify in writing that to the knowledge of the certifying party:

(a) This Agreement is in full force and effect and is a binding obligation of the parties.

(b) This Agreement has not been amended or modified and, if so amended, identifying the amendments.

(c) No default in the performance of the requesting party's obligations under this Agreement exists or, if in default, the nature and extent of any default.

A party receiving a request hereunder shall execute and return the certificate within thirty (30) days following receipt thereof. The City Manager shall have the right to execute any certificate requested by OWNER on behalf of CITY.

8. DEFAULT AND REMEDIES.

8.1 Cumulative Remedies. Subject to the provisions of Section 8.6 of this Agreement, each of the parties hereto may pursue any remedy at law, excluding damages, or equity available for the breach of any provision of this Agreement. Any party may initiate arbitration to cure, correct or remedy any default, to enforce any covenant or agreement herein, or to enjoin any threatened or attempted violation of this Agreement, including without limitation arbitration requesting declaratory relief, specific performance and relief in the nature of mandamus. All remedies shall be cumulative and not exclusive of one another, and the exercise of any one or more of the remedies shall not constitute a waiver or election with respect to any other available remedy. The parties acknowledge and agree that specific performance and other non-monetary relief are appropriate remedies for the enforcement of this Agreement and shall be available to all parties.

8.2 Cooperation in the Event of Legal Challenge. In the event of any legal action instituted by a third party, including without limitation any other governmental entity or official, challenging the validity of this Agreement or any Development Approval granted pursuant to this Agreement, the parties agree to cooperate fully with each other in defending such action; provided, however, that each party shall bear its own costs and legal expenses in defending such action.

8.3 Termination of Agreement for Default of OWNER. CITY may terminate this Agreement for any failure of OWNER to perform any material duty or obligation of OWNER under this Agreement (hereinafter referred to as "default"); provided, however, CITY may terminate this Agreement only after providing written notice to OWNER of default setting forth the nature of the default and the actions, if any, required by OWNER to cure such default and, where default can be cured, OWNER has failed to take such actions and cure such default within sixty (60) days after the effective date of such notice or, in the event that such default cannot be cured within such sixty (60) day period but can be cured within a longer time, has failed to commence the actions necessary to cure such default within such sixty (60) day period and to diligently proceed to complete such actions and cure such default.

8.4 Termination of Agreement for Default of CITY. OWNER may terminate this Agreement in the event of a default by CITY in

the performance of a material duty or obligation of CITY under this Agreement and only after providing written notice to CITY of default setting forth the nature of the default and the actions, if any, required by CITY to cure such default and, where the default can be cured, CITY has failed to take such actions and cure such default within sixty (60) days after the effective date of such notice or, in the event that such default cannot be cured within such sixty (60) day period but can be cured within a longer time, has failed to commence the actions necessary to cure such default within such sixty (60) day period and to diligently proceed to complete such actions and cure such default.

8.5 Attorneys' Fees and Costs. In any action or proceeding (including arbitration) brought by any party to interpret or enforce any provision of this Agreement, or otherwise arising under this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees and all costs, expenses and disbursements in connection with such action or proceeding, including the cost of reasonable investigation, preparation and professional expert consultation and arbitration fees and costs, which sums may be included in any judgment or decree entered in such action in favor of the prevailing party.

8.6 Arbitration. Any dispute or controversy arising from any provision of this Agreement, including without limitation any action or proceeding brought by any party to interpret or enforce any provision of this Agreement, shall be submitted to arbitration under the provisions of this Section 8.6.

(a) The arbitration shall be held in Orange County, California before a single arbitrator acceptable to both parties. If the parties are unable to agree on an arbitrator within seven (7) days after either party gives a written notice to the other party requesting arbitration, the Orange County office of the Judicial Arbitration and Mediation Service ("JAMS") shall be requested by either party to submit a list of arbitrators (all of whom must have had at least 5 years experience as a California superior court judge) from which the arbitrator shall be selected by agreement between the parties within seven (7) days after the parties receive that list. If the parties still fail to agree on an arbitrator within that time, they shall within seventy-two (72) hours after the expiration of that time each strike off the names of potential arbitrators who are unacceptable and shall indicate the order of preference of those remaining; each party must leave at least one name on its list. They, or either of them, shall thereupon immediately request JAMS to appoint an arbitrator from the names remaining, after considering preference, qualification, and availability. The parties shall thereafter use their best efforts and diligence to see that the appointment of the arbitrator by JAMS is made as rapidly as possible, and in no event more than fourteen (14) days after the date the list is submitted to JAMS. If at the time arbitration is requested JAMS is no longer in operation, then its successor by sale, acquisition or merger (if applicable) shall take the

place of JAMS under this provision. If there is no such successor, then the presiding judge of the Orange County Superior Court shall be requested to submit a list of qualified arbitrators (who shall be retired superior court judges) from which the parties will choose a single arbitrator in the manner provided above.

(b) Upon the appointment of an arbitrator, the parties shall immediately use their best efforts and due diligence to begin the arbitration hearing at the earliest possible date, and in no event more than thirty (30) days after the appointment of the arbitrator, and to thereafter diligently pursue it to completion. The parties agree to promptly sign a JAMS Submission Agreement upon institution of the arbitration process to the extent the provisions of that Submission Agreement are not inconsistent with the provisions of this Section 8.6. Upon a showing of a lack of good faith and due diligence by a party in expediting the arbitration proceedings within the time limits described above, the aggrieved party shall be entitled to all damages suffered by that party as a result of any delay in the arbitration proceedings. This item of damages shall be a separate matter to be decided by the arbitrator at the arbitration hearing.

(c) Subject to the above thirty (30) day limitation, the arbitration shall be governed by the discovery procedures in California Code of Civil Procedure Section 1283.05 as presently existing (or, if not materially changed, as existing at the time the arbitration notice is given). The arbitrator shall apply California substantive law and the California Evidence Code to the arbitration proceeding. The arbitrator shall have the power to grant all legal and equitable remedies provided by California law but shall not have the power to award compensatory or punitive damages except as provided in paragraph (b) of this Section 8.6. The arbitrator shall prepare in writing and provide to the parties a decision including factual findings and the reasons on which the decision is based. The arbitrator shall not have the power to commit errors of law or legal reasoning, and the decision may be vacated or corrected for those or other grounds pursuant to California Code of Civil Procedure Sections 1286.2, 1286.4, 1286.6, or 1282.8 as presently existing for any such error. The arbitrator shall be bound by all legal principles under California statutory and case law. The arbitrator shall decide the case in the same manner as the case would be decided in a California court of law.

(d) The decision may be judicially enforced (confirmed, corrected, or vacated) pursuant to Section 1285, et seq. of the California Code of Civil Procedure. It is final and binding and there is no direct appeal from the decision other than as expressly provided to the contrary in this Section 8.6. The arbitrator shall award reasonable attorneys' fees and costs to the prevailing party in its arbitration.



9. MORTGAGEE PROTECTION.

The parties hereto agree that this Agreement shall not prevent or limit OWNER, in any manner, at OWNER's sole discretion, from encumbering the Property or any portion thereof or any improvement thereon by any mortgage, deed of trust or other security device securing financing with respect to the Property. CITY acknowledges that the lenders providing such financing may require certain Agreement interpretations and modifications and agrees upon request, from time to time, to meet with OWNER and representatives of such lenders to negotiate in good faith any such request for interpretation or modification. CITY will not unreasonably withhold its consent to any such requested interpretation or modification provided such interpretation or modification is consistent with the intent and purposes of this Agreement. Any Mortgagee of the Property shall be entitled to the following rights and privileges:

(a) Neither entering into this Agreement nor a breach of this Agreement shall defeat, render invalid, diminish or impair the lien of any mortgage on the Property made in good faith and for value, unless otherwise required by law.

(b) The Mortgagee of any mortgage or deed of trust encumbering the Property, or any part thereof, which Mortgagee, has submitted a request in writing to the CITY in the manner specified herein for giving notices, shall be entitled to receive written notification from CITY of any default by OWNER in the performance of OWNER's obligations under this Agreement.

(c) If CITY timely receives a request from a Mortgagee requesting a copy of any notice of default given to OWNER under the terms of this Agreement, CITY shall provide a copy of that notice to the Mortgagee within ten (10) days of sending the notice of default to OWNER. The Mortgagee shall have the right, but not the obligation, to cure the default during the remaining cure period allowed such party under this Agreement.

(d) Any Mortgagee who comes into possession of the Property, or any part thereof, pursuant to foreclosure of the mortgage or deed of trust, or deed in lieu of such foreclosure, shall take the Property, or part thereof, subject to the terms of this Agreement. Notwithstanding any other provision of this Agreement to the contrary, no Mortgagee shall have an obligation or duty under this Agreement to perform any of OWNER's obligations or other affirmative covenants of OWNER hereunder, or to guarantee such performance; provided, however, that to the extent that any covenant to be performed by OWNER is a condition precedent to the performance of a covenant by CITY, the performance thereof shall continue to be a condition precedent to CITY's performance hereunder.

10. MISCELLANEOUS PROVISIONS.

10.1 Recordation of Agreement. This Agreement and any amendment or cancellation thereof shall be recorded with the Orange County Recorder by the City Clerk within the period required by Section 65868.5 of the Government Code.

10.2 Entire Agreement. This Agreement sets forth and contains the entire understanding and agreement of the parties, and there are no oral or written representations, understandings or ancillary covenants, undertakings or agreements which are not contained or expressly referred to herein. No testimony or evidence of any such representations, understandings or covenants shall be admissible in any proceeding of any kind or nature to interpret or determine the terms or conditions of this Agreement.

10.3 Severability. If any term, provision, covenant or condition of this Agreement shall be determined invalid, void or unenforceable, the remainder of this Agreement shall not be affected thereby and shall remain in full force and effect unless amended by mutual written consent of the parties.

10.4 Interpretation and Governing Law. This Agreement and any dispute arising hereunder shall be governed and interpreted in accordance with the laws of the State of California. This Agreement shall be construed as a whole according to its fair language and common meaning to achieve the objectives and purposes of the parties hereto, and the rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this Agreement, all parties having been represented by counsel in the negotiation and preparation hereof.

10.5 Section Headings. All section headings and subheadings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

10.6 Rules of Construction. As used herein, the singular of any word includes the plural and the masculine gender includes the feminine.

10.7 Consent. Where a consent or approval of a party is required or necessary under this Agreement, such consent or approval shall not be unreasonably withheld.

10.8 Time of Essence. Time is of the essence in the performance of the provisions of this Agreement as to which time is an element.

10.9 Waiver. No waiver of any provision of this Agreement shall be effective unless in writing and signed by a representative of the party against whom enforcement of a waiver is sought. No waiver of any right or remedy in respect of any occurrence or

event shall be deemed a waiver of any right or remedy in respect of any other occurrence or event.

10.10 No Third-Party Beneficiaries. This Agreement is made and entered into for the sole protection and benefit of the parties and their successors and assigns. No other person shall have any right of action based upon any provision of this Agreement.

10.11 Force Majeure. Neither party shall be deemed to be in default where failure or delay in performance of any of its obligations under this Agreement is caused by floods, earthquakes, other Acts of God, fires, wars, riots or similar hostilities, strikes and other labor difficulties beyond the party's control, (including the party's employment force), government regulations, court actions (such as restraining orders or injunctions), or other causes beyond the party's control. If any such events shall occur, the time for performance by either party of any of its obligations hereunder shall be extended by the parties for the period of time that such events prevented such performance.

10.12 Mutual Covenants. The covenants contained herein are mutual covenants and also constitute conditions to the concurrent or subsequent performance by the party benefitted thereby of the covenants to be performed hereunder by such benefitted party.

10.13 Successors in Interest. The burdens of this Agreement shall be binding upon, and the benefits of this Agreement shall inure to, all successors in interest and assigns of the parties to this Agreement.

10.14 Counterparts. This Agreement may be executed by the parties in counterparts, which counterparts shall be construed together and have the same effect as if all of the parties had executed the same instrument.

10.15 Project as a Private Undertaking. It is understood and agreed by and between the parties hereto that the development of the Project is a private development, that neither party is acting as the agent of the other in any respect hereunder, and that each party is an independent contracting entity with respect to the terms, covenants and conditions contained in this Agreement. No partnership, joint venture or other association of any kind is formed by this Agreement. The only relationship between CITY and OWNER is that of a government entity regulating the development of private property and the owner of such property.

10.16 Further Actions and Instruments. Each of the parties shall cooperate with and provide reasonable assistance to the other to the extent contemplated hereunder in the performance of all obligations under this Agreement and the satisfaction of

the conditions of this Agreement. Upon the request of either party at any time, the other party shall promptly execute, with acknowledgment or affidavit if reasonably required, and file or record such required instruments and writings and take any actions as may be reasonably necessary under the terms of this Agreement to carry out the intent and to fulfill the provisions of this Agreement or to evidence or consummate the transactions contemplated by this Agreement.

10.17 Covenant of Good Faith and Fair Dealing Domain. Neither party shall do anything which shall have the effect of harming or injuring the right of the other party to receive the benefits of this Agreement. Each party shall refrain from doing anything which would render its performance under this Agreement impossible or impracticable. Each party shall do everything which this Agreement contemplates that such party shall do to accomplish the objectives and purposes of this Agreement.

10.18 Releases. CITY hereby covenants and agrees that upon completion of the Project as provided under this Agreement, or any portion thereof, CITY shall execute and deliver to the Orange County Recorder an appropriate release of OWNER of further obligations under this Agreement.

10.19 Integrated Project. CITY acknowledges, by executing this Agreement for the Project as a whole, that the Project is and shall be considered a single, integrated development project and that each component of the Project is dependent upon the completion and occupancy of each other component, and that the viability of each component of the Project is and shall be dependent of the completion and occupancy of each other component and the full performance of this Agreement.

10.20 Authority to Execute.

10.20.1 CITY. By the execution hereof, CITY confirms and acknowledges that CITY, acting through its City Council and the City Planning Commission, have complied in full with the requirements of Section 65864 et seq. of the Government Code and Resolution No. 88-53 for public hearing and the giving of notice of intention to consider adoption of this Agreement, and that this Agreement has been approved by ordinance as required by Section 65867.5 of the Government Code. CITY warrants and represents that the CITY has given all notices, held all hearings and complied with all other legal requirements and procedures required to make this a valid Agreement.

10.20.2 OWNER. Persons executing this Agreement on behalf of OWNER warrant and represent that they have the authority to execute this Agreement and represent that they have the authority to bind OWNER to the performance of its obligations hereunder.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year set forth below.

CITY OF COSTA MESA

Dated: Oct. 5, 1994

By *Sanford J. ...*  
MAYOR

ATTEST:

CITY CLERK

By *Mary T. Elliott*  
Deputy

(SEAL)

APPROVED AS TO FORM:

*Thomas K. ... 6-30-94*  
City Attorney

OWNER:

Date: \_\_\_\_\_

INTERINSURANCE EXCHANGE OF THE  
AUTOMOBILE CLUB OF SOUTHERN  
CALIFORNIA,

By ACSC Management Services, Inc.,  
Attorney-in-Fact

By: *Peter R. McDonald*  
Name: Peter R. McDonald  
Its: Vice President & C.F.O.

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

No. 5907

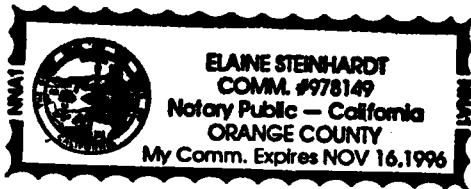
State of CALIFORNIA

County of ORANGE

On OCTOBER 5, 1994 before me, ELAINE STEINHARDT NOTARY PUBLIC  
DATE NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared SANDRA L. GENIS AND MARY T. ELLIOTT  
NAME(S) OF SIGNER(S)

personally known to me - OR -  proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Elaine Steinhardt  
SIGNATURE OF NOTARY

**OPTIONAL**

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

**CAPACITY CLAIMED BY SIGNER**

INDIVIDUAL  
 CORPORATE OFFICER'S  
MAYOR AND DEP. CITY CLERK  
TITLE(S)

PARTNER(S)  LIMITED  
 GENERAL

ATTORNEY-IN-FACT  
 TRUSTEE(S)  
 GUARDIAN/CONSERVATOR  
 OTHER: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**SIGNER IS REPRESENTING:**  
NAME OF PERSON(S) OR ENTITY(IES)  
\_\_\_\_\_  
\_\_\_\_\_

**DESCRIPTION OF ATTACHED DOCUMENT**

DEVELOPMENT AGREEMENT  
TITLE OR TYPE OF DOCUMENT

\_\_\_\_\_  
NUMBER OF PAGES

\_\_\_\_\_  
DATE OF DOCUMENT

\_\_\_\_\_  
SIGNER(S) OTHER THAN NAMED ABOVE

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

No. 5907

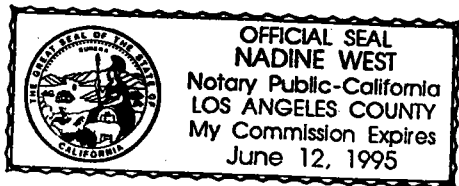
State of California

County of Los Angeles

On September 22, 1994 before me, Nadine West  
DATE NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared Peter R. McDonald  
NAME(S) OF SIGNER(S)

personally known to me - **OR** -  proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Nadine West  
SIGNATURE OF NOTARY

**OPTIONAL**

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

**CAPACITY CLAIMED BY SIGNER**

- INDIVIDUAL
- CORPORATE OFFICER  
Vice President & CFO  
TITLE(S)
- PARTNER(S)       LIMITED
- GENERAL
- ATTORNEY-IN-FACT
- TRUSTEE(S)
- GUARDIAN/CONSERVATOR
- OTHER: \_\_\_\_\_

**DESCRIPTION OF ATTACHED DOCUMENT**

Development Agreement Between  
The City of Costa Mesa and  
The Interinsurance Exchange of  
~~The Automobile Club of So. CA~~  
TITLE OR TYPE OF DOCUMENT

32 Including Exhibits  
NUMBER OF PAGES

September 22, 1994  
DATE OF DOCUMENT

**SIGNER IS REPRESENTING:**  
NAME OF PERSON(S) OR ENTITY(IES)  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
SIGNER(S) OTHER THAN NAMED ABOVE

## DESCRIPTION OF PROPERTY

### Parcel 1:

That portion of the land allotted to James McFadden in decree of partition of the Rancho Santiago De Santa Ana, recorded in Book "B" of Judgments of the 17th Judicial District Court of California, in the City of Costa Mesa, County of Orange, State of California, described as follows:

Beginning at the northeast corner of the land conveyed to Horace Kent by deed recorded January 28, 1878 in Book 58, Page 417 of Deeds of Los Angeles County, California; thence north  $89^{\circ} 36' 27''$  west, 1100.00 feet to the northwest corner of said land of Kent; thence south  $0^{\circ} 23' 33''$  west, 4.41 feet along the west line of laid land to the southerly line of the north one-half of the land conveyed to the J. J. Maxwell by deed recorded February 15, 1876 in Book 43 Page 2 of Deeds of said Los Angeles County; thence south  $89^{\circ} 48' 26''$  west, 1102.02 feet to the southwest corner of said north one-half; thence north  $0^{\circ} 27' 51''$  west 0.11 feet along the westerly line of said north one-half to the southerly line of the land described in a deed to the Orange County Flood Control District recorded October 31, 1959 in Book 4468, Page 441 of official records of said Orange County; thence easterly, northeasterly and northerly along the southerly, southeasterly and easterly line of said described land the following courses; north  $89^{\circ} 25' 40''$  east, 156.80 feet to the beginning of the tangent curve concave northwesterly having a radius 1384.00 feet; thence northeasterly 2168.55 feet along said curve through a central angle of  $89^{\circ} 46' 30''$ ; thence tangent from said curve north  $0^{\circ} 20' 50''$  west, 197.36 feet to the northerly line of said land of J. J. Maxwell, thence north  $89^{\circ} 25' 45''$  east, 687.25 feet to the northeast corner of said land of J. J. Maxwell; thence south  $0^{\circ} 23' 33''$  west 1597.66 feet to the point of beginning.

### Parcel 2:

That portion of the land allotted to James McFadden in Decree of Partition of the Rancho Santiago De Santa Ana, recorded in Book "B" of Judgments of the 17th Judicial District Court, in the City of Costa Mesa, all in the County of Orange, State of California, described as follows:

EXHIBIT A  
(Page 1 of 2)



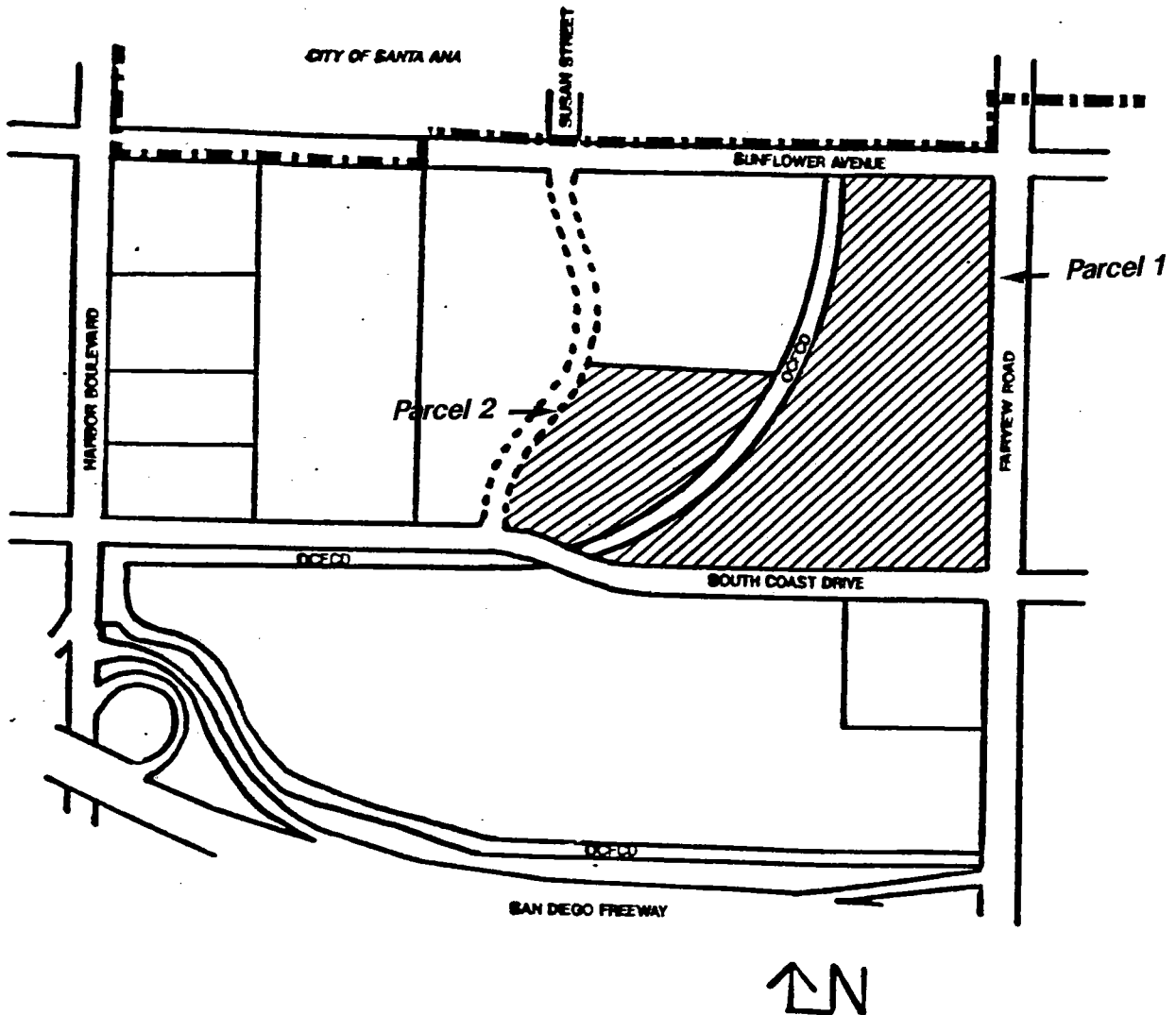
**DESCRIPTION OF PROPERTY**

Beginning at the northeast corner of the 160 acres parcel conveyed to J. J. Maxwell by deed recorded February 15, 1876 in Book 43, Page 2 of Deeds, in the Office of the County Recorder of Los Angeles County, California; thence south 1584.00 feet along the east line of said Maxwell land to the northeast corner of the land conveyed to Horace Kent by deed recorded January 28, 1878 in Book 58, Page 417 of said deeds; thence west 1099.96 feet to the northwest corner of said Kent land being also the southeast corner of the land conveyed to Charles H. Stanley of deed recorded July 27, 1897 Book 32, Page 145 of deeds, in the office of the County Recorder of said County, thence north 1584.00 feet along the east line of said Stanley land to the north line of said Maxwell land; thence east 1089.00 feet to the point of the beginning.

Except that portion thereof lying southeasterly of the northwesterly line of the land described in the deed to the Orange County Flood Control District, recorded October 31, 1959 in Book 4469, Page 441 of Orange County Official Records.

**EXHIBIT A**  
(Page 2 of 2)

MAP SHOWING THE PROPERTY AND ITS LOCATION



 SUBJECT PROPERTY

EXHIBIT B

EXISTING DEVELOPMENT APPROVALS

COPIES OF THE EXISTING DEVELOPMENT APPROVALS LISTED BELOW ARE ON FILE IN THE CITY OF COSTA MESA PLANNING DIVISION AND ARE INCORPORATED HEREIN BY REFERENCE:

1. General Plan Amendment GP-94-01A, approved June 20, 1994, by Resolution No. 94-54;
2. Rezone Petition R-94-01, adopted July 5, 1994, by Ordinance No. 94-10;
3. Planning Action PA-94-15, approved June 20, 1994, by Resolution No. 94-55; and
4. Parcel Map S-94-120, approved June 20, 1994, by Resolution No. 94-56.

THE ABOVE DEVELOPMENT APPROVALS ARE SUBJECT TO ALL MITIGATION MEASURES INCLUDED IN FINAL ENVIRONMENTAL IMPACT REPORT NUMBER 1045, CERTIFIED JUNE 20, 1994, BY RESOLUTION NO. 94-53.

EXISTING LAND USE REGULATIONS

1. City of Costa Mesa General Plan as amended through Resolution No. 94-54;
2. Title 13 of the Costa Mesa Municipal Code (Planning, Zoning, and Development Codes) as amended through Ordinance No. 94-10; and
3. Resolution No. 88-53, A Resolution of the City Council of the City of Costa Mesa, California Establishing Procedures and Requirements for Consideration of Development Agreements.

COPIES OF THE EXISTING LAND USE REGULATIONS LISTED ABOVE ARE ON FILE IN THE CITY PLANNING DEPARTMENT AND ARE INCORPORATED HEREIN BY REFERENCE.

## VII. INVENTORY OF MITIGATION MEASURES

### A. LAND USE AND RELEVANT PLANNING

#### *Land Use*

No mitigation identified for the loss of agricultural land.

#### *Relevant Planning*

- #1. The City shall identify in the next Housing Element update, other sites within its boundaries to provide 245 housing units over 1990 General Plan levels to mitigate the increased demand created by the project. The additional units shall not result in intensification of residential densities at any location which is in excess of those specified in the 1990 General Plan. The units may be provided in areas designated for non-residential uses under the 1990 General Plan.

#### *Airport Operations*

No mitigation identified for the cumulative impact to airport operations.

### B. AESTHETICS/SHADE AND SHADOWS

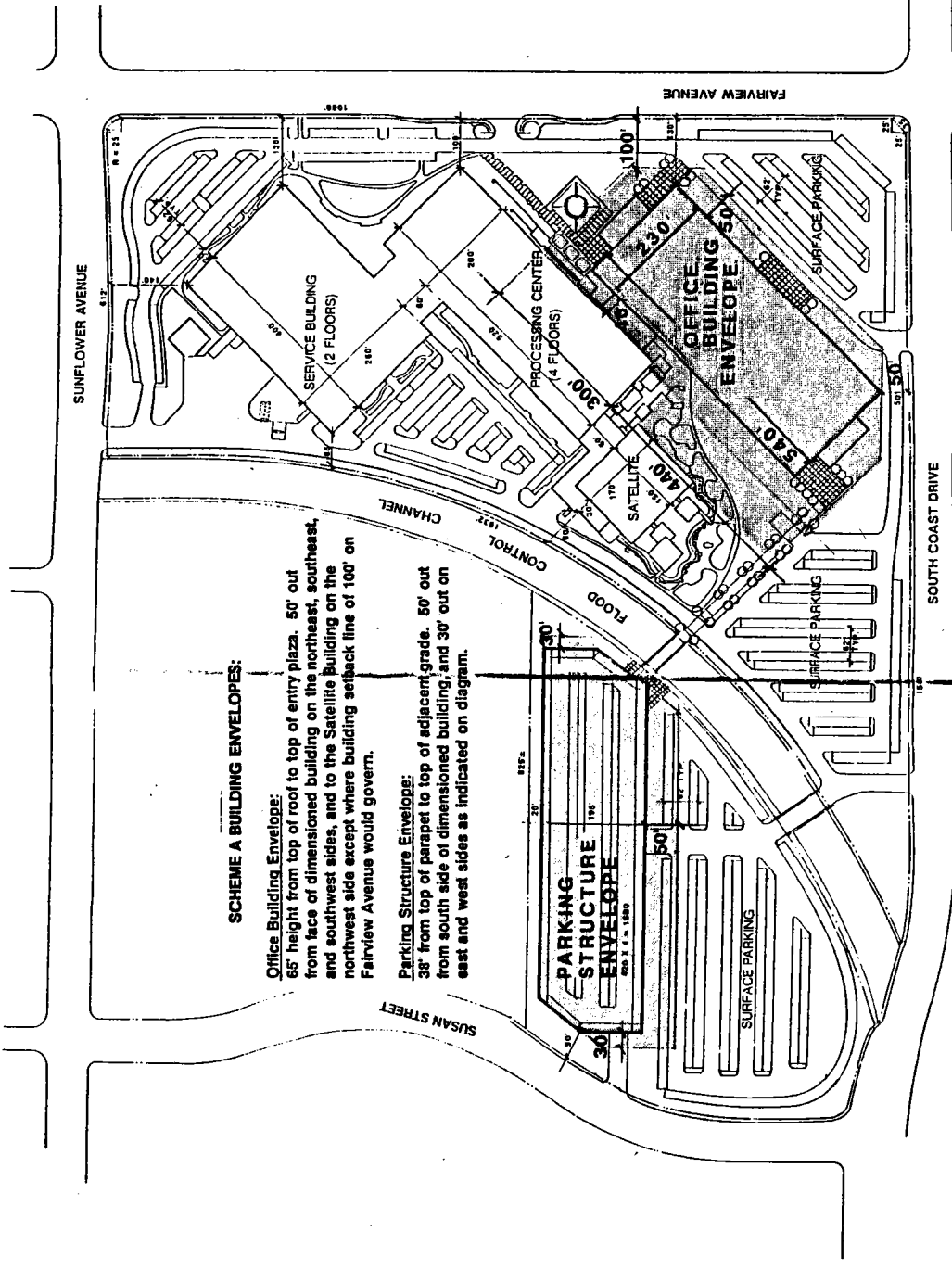
#### *Aesthetics*

- #2. External lighting, including parking lot and parking structure lighting, shall be stationary, directed away from adjacent properties and public rights-of-way, and of an intensity compatible with the neighborhood.
- #3. A densely landscaped buffer shall be placed within the setback between the north side of the proposed parking structure and the adjacent vacant residential property and along the west side of the parking structure, which is adjacent to Susan Street. Landscaping shall be installed as part of Phase 1.
- #4. Refuse areas, storage areas and mechanical equipment shall be screened in accordance with the City of Costa Mesa's Planning, Zoning and Development Codes, Section 13-237. The Planning Division, in its review, shall pay particular attention to the screening of such areas and equipment. Any roof-top mechanical equipment shall be minimized in height and area, and shall be located in such a way as to minimize visual impacts to surrounding properties. Unless otherwise approved by the Planning Division, rooftop mechanical equipment shall be located at least five feet from the edge of the roof and screened from view from surrounding properties.

#### *Shade and Shadows*



- #5. The proposed Phase II parking structure shall be redesigned to be located at least 60 feet away from the northern property boundary to reduce Shade and Shadow impacts to the residential parcel adjacent to the north. This measure is not necessary if this parcel to the north is redesignated to nonresidential uses.



**SCHEME A BUILDING ENVELOPES:**

**Office Building Envelope:**  
 65' height from top of roof to top of entry plaza. 50' out from face of dimensioned building on the northeast, southeast, and southwest sides, and to the Satellite building on the northwest side except where building setback line of 100' on Fairview Avenue would govern.

**Parking Structure Envelope:**  
 38' from top of parapet to top of adjacent grade. 50' out from south side of dimensioned building, and 30' out on east and west sides as indicated on diagram.

**EXHIBIT C**

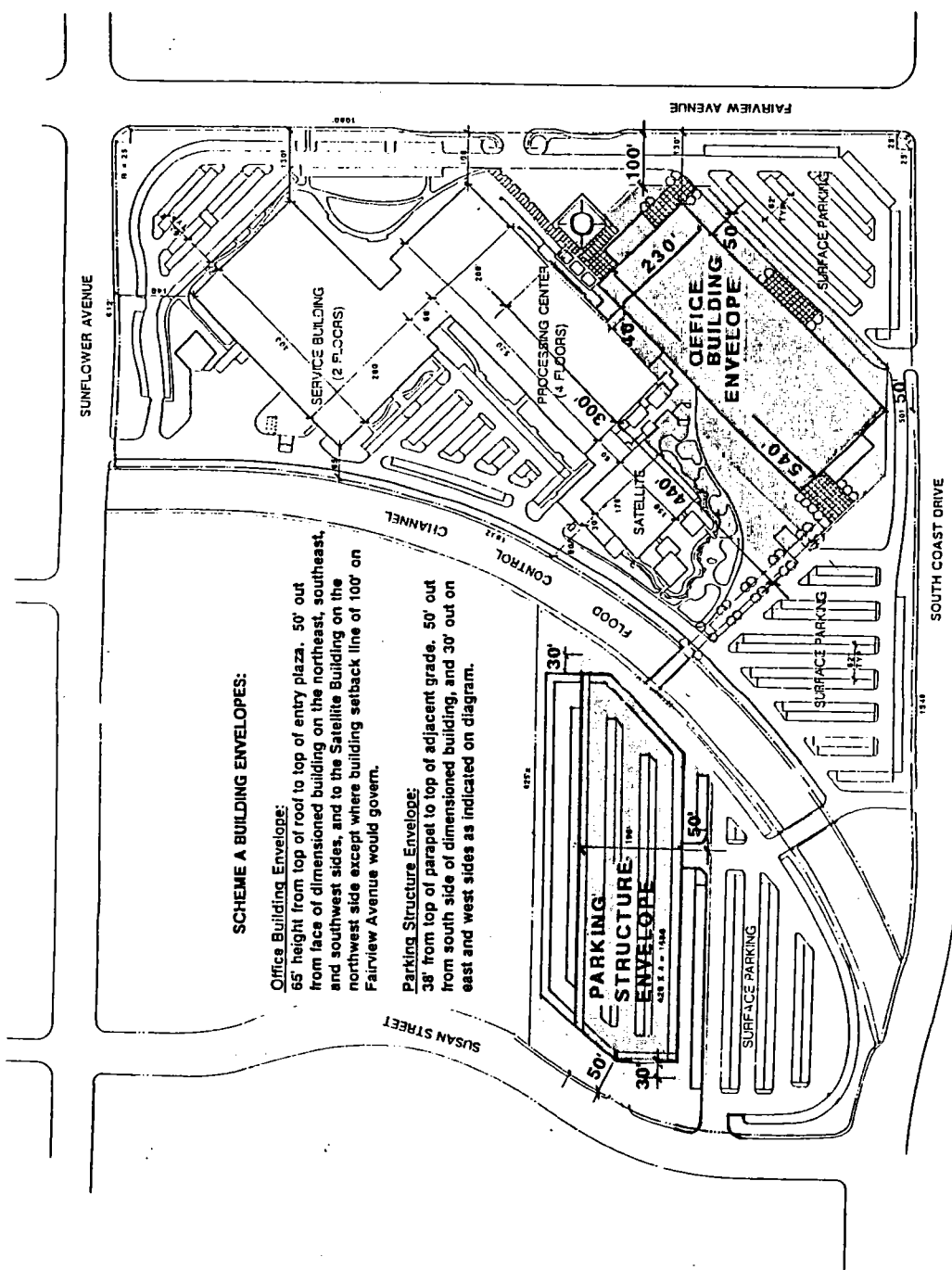
PROCESSING CENTER  
 AUTOMOBILE CLUB OF SOUTHERN CALIFORNIA  
 COSTA MESA, CALIFORNIA

0 100 200 300 350 FT

NORTH

CHAMBER ASSOCIATES  
 CIVIL ENGINEERS AND ARCHITECTS  
 402 S. J. ST. COSTA MESA, CALIF. 92626  
 JAN. 21, 1994

REV. MAY 17, 1994



**SCHEME A BUILDING ENVELOPES:**

**Office Building Envelope:**

65' height from top of roof to top of entry plaza, 50' out from face of dimensioned building on the northeast, southeast, and southwest sides, and to the Satellite Building on the northwest side except where building setback line of 100' on Fairview Avenue would govern.

**Parking Structure Envelope:**

38' from top of parapet to top of adjacent grade, 50' out from south side of dimensioned building, and 30' out on east and west sides as indicated on diagram.

PROCESSING CENTER  
 AUTOMOBILE CLUB OF SOUTHERN CALIFORNIA  
 COSTA MESA, CALIFORNIA

**EXHIBIT C**

47

REV. MAY 17, 1994  
 JAN 18, 1994

§ *Proposed onsite uses would be exposed to freeway and arterial traffic noise.*

There is the potential that the project site would be exposed to noise levels exceeding 65 CNEL, along South Coast Drive and Fairview Road, as shown in Table F-3. However, as the project does not include sensitive receptors, standard design practices and interior acoustical insulation would achieve adequate sound levels for the office uses. Therefore, no significant impacts are expected to proposed uses.

### **Cumulative Impacts**

Please refer to Section V.C for a discussion of cumulative noise impacts.

### **MITIGATION MEASURES**

The following mitigation measures directly correspond to the impact statements in the Impact Analysis discussion.

### **Short-Term Construction**

- #17. Prior to the issuance of any grading permits, the project proponent shall produce evidence acceptable to the Development Services Director, such as notation on the front sheet of the grading plans, that:
- a. All construction vehicles or equipment, fixed or mobile, operated within 1,000 feet of a dwelling shall be equipped with properly operating and maintained mufflers.
  - b. All operations shall comply with the City of Costa Mesa Noise Ordinance.
  - c. Stockpiling and/or vehicle staging areas shall be located as far as practicable from dwellings.

### **Project Noise Impacts - Stationary Sources**

- #18. The project applicant shall submit detailed design plans for the proposed parking structure, prior to building permit issuance. Said plans shall be accompanied by an acoustical study prepared by a City-approved acoustical expert, to the satisfaction of the Planning Division. The study shall demonstrate that all feasible sound



attenuation to reach the City's threshold of 55 dBA at the residential/commercial property line in compliance with the City's Noise Ordinance has been incorporated into parking structure design, such as brushed driving surfaces (textured), limited openings on the north and western sides, relocation to the south of the parcel, and other appropriate measures. This mitigation will only be necessary if the vacant land to the immediate north and west of the 9-acre parcel is zoned residential at the time of grading or building plan submittal.

### **UNAVOIDABLE SIGNIFICANT IMPACTS**

Even with mitigation, noise generated by vehicles in the Phase II parking garage might create a significant and unavoidable noise impact to potential residences adjacent to the north and west.



# CITY OF COSTA MESA

CALIFORNIA 92628-1200

P.O. BOX 1200

FROM THE OFFICE OF THE CITY CLERK

RECEIVED  
CITY OF COSTA MESA  
DEVELOPMENT SERVICES DEPARTMENT

October 7, 1994

AM

OCT 07 1994

PM

71819110111112111213141516

Mr. Jeffrey L. Prokop  
Automobile Club of Southern California  
Post Office Box 2890  
Los Angeles, CA 90051-0890

Subject: Development Agreement between the City  
and the Auto Club (DA-94-01)

Dear Mr. Prokop:

Enclosed is a copy of the fully executed Development Agreement which was transmitted to the Orange County Recorder on October 6, 1994.

After the recorded document is received, I will forward a copy of the first page containing the recording information.

Very truly yours,

MARY T. ELLIOTT  
Deputy City Clerk

MTE:ss

cc: R. Michael Robinson, Planning Division ✓

Enclosure (1)

CITY OF COSTA MESA  
Development Service Department  
P.O. Box 1200, Costa Mesa, CA 92628-1200

PROJECT NO: Automobile Club Expansion

DATE: May 25, 1994

TO: Jeffrey L. Prokop  
Manager, Real Estate Planning  
Automobile Club of Southern California  
2601 Figueroa Street  
Los Angeles, CA 90007

C.J. Segerstrom & Sons  
3315 Fairview Road  
Costa Mesa, CA 92626

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At the regular meeting of Costa Mesa Planning Commission held on May 23, 1994 the above-referenced item was considered and the following action taken:

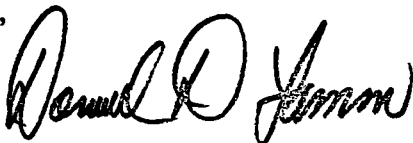
FINAL ENVIRONMENTAL IMPACT REPORT (FEIR) #1045  
GENERAL PLAN AMENDMENT GP-94-01A  
REZONE PETITION R-94-01  
PLANNING ACTION PA-94-15  
DEVELOPMENT AGREEMENT DA-94-01  
TENTATIVE PARCEL MAP S-94-120

See attached sheet.

Should you have any questions concerning the Commission's decision or wish to appeal to the City Council, please contact your project Planner R. Michael Robinson at 754-5245.

Kristen Petros  
Carol Proctor

Sincerely,



Donald D. Lamm, Development Services Director

cc: Larry Hogle  
Hogle-Ireland, Inc.  
5 Corporate Park, Suite 160  
Irvine, CA 92714

Karen Selleck  
Robert Bein, Wm. Frost & Assoc.  
P.O. Box 57057  
Irvine, CA 92619-7057



Attachment - Automobile C Expansion

FINAL ENVIRONMENTAL IMPACT REPORT (FEIR) #1045.

MOTION 1: Recommended certification to the City Council by adoption of Planning Commission Resolution PC-94-42 based upon information contained in Planning Division Staff memo dated May 17, 1994.

(3-1, Mr. Korando voted no, Ms. Dixon was absent)

GENERAL PLAN AMENDMENT GP-94-01A

MOTION 2: Recommended adoption to the City Council by adoption of Planning Commission Resolution PC-94-43 based upon information and analysis contained in the Planning Division Staff Report.

(3-1, Mr. Korando voted no, Ms. Dixon was absent)

REZONE PETITION R-94-01

MOTION 3: Recommended approval to the City Council by adoption of Planning Commission Resolution PC-94-44 based upon information and analysis contained in the Planning Division Staff Report.

(3-1, Mr. Korando voted no, Ms. Dixon was absent)

PLANNING ACTION PA-94-15

MOTION 4: Recommended approval to the City Council by adoption of Planning Commission Resolution PC-94-45 based upon information and analysis contained in the Planning Division Staff Report and Planning Division Staff memo dated May 19, 1994 and findings listed in Exhibit "A", subject to conditions listed in Exhibit "B" with modification to Condition of Approval #7 as shown in Exhibit.

(3-1, Mr. Korando voted no, Ms. Dixon was absent)

DEVELOPMENT AGREEMENT DA-94-01

MOTION 5: To recommend adoption to the City council by adoption of Planning Commission Resolution based upon information contained in City Attorney's memo of May 18, 1994. (FAILED 2-2, Mr. Korando and Ms. Cowan voted no, Ms. Dixon was absent)

This item is forwarded to City Council without recommendation.

TENTATIVE PARCEL MAP S-94-120

MOTION 6: Recommended approval to the City Council by adoption of Planning Commission Resolution PC-94-46 based upon information contained in Planning Division Staff memo dated May 10, 1994 and findings listed in Exhibit "A", subject to conditions listed in Exhibit "B".

(3-1, Mr. Korando voted no, Ms. Dixon was absent)

RECORDING REQUESTED BY AND WHEN  
RECORDED MAIL TO:

City of Costa Mesa  
PO Box 1200  
Costa Mesa, CA 92628-1200  
Attn: City Clerk

Space Above This Line for Recorder's Use (Exempt  
from Recording Fee per Gov't Code §6103 and §27383)

**FIRST AMENDMENT TO  
DEVELOPMENT AGREEMENT  
BETWEEN  
THE CITY OF COSTA MESA  
AND  
THE INTERINSURANCE EXCHANGE OF THE  
AUTOMOBILE CLUB**

**FIRST AMENDMENT TO DEVELOPMENT AGREEMENT**

This First Amendment to Development Agreement (the “Amendment”) is entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 2024 (“First Amendment Effective Date”), by and between the CITY OF COSTA MESA (“City”), and the INTERINSURANCE EXCHANGE OF THE AUTOMOBILE CLUB, formerly known as the Interinsurance Exchange of the Automobile Club of Southern California (“Owner”). Each party may be referred to individually as “Party” or together as the “Parties”.

**RECITALS**

A. WHEREAS, pursuant to Section 65864 *et seq.* of the Government Code and the City’s adopted rules and procedures, the Parties entered into that certain Development Agreement dated October 5, 1994 and recorded in the official records of Orange County, California on November 1, 1994, as instrument number 94-0641379 (the “Development Agreement”); and

B. WHEREAS, among other purposes, the City entered into the Development Agreement in furtherance of the City’s policy to support the retention and expansion of businesses located in the City in order to increase employment, maintain a stable tax base, attract new businesses, and promote a diversified, stable, and healthy local economy; and

C. WHEREAS, the assurances provided by the Development Agreement were and remain necessary to provide the certainty which will allow the Owner to make the long-term commitments involved in consolidating its facilities and operations in the City; and

D. WHEREAS, the Project on the Property (as defined and described in the Development Agreement) has not been completed based, in part, by the interruption starting in early 2020 in the Owner’s development and planning caused by the COVID-19 pandemic, uncertainty in space needs caused by the changing trends in remote and hybrid work, uncertainty in the configuration of spaces in buildings due to safety protocols and other changing trends, and the evolving business needs of the Owner, all of which merit additional time to complete the development of the Project; and

E. WHEREAS, extending the term of the Development Agreement and updating specified City fees, with all of the terms and conditions in the Development Agreement otherwise remaining the same, continue to further the City’s policy to support the retention and expansion of businesses located in the City in order to increase employment, maintain a stable tax base, attract new businesses, and promote a diversified, stable, and healthy local economy; and

F. WHEREAS, the best interests of the citizens of Costa Mesa, and the public health, safety and welfare, are served by extending the term of the Development Agreement as provided herein; and

G. WHEREAS, the Amendment and the Project are consistent with the City’s General Plan; and

698/037947-0002  
19250070.11 a05/30/24

H. WHEREAS, pursuant to Section 65868 of the Government Code and the City’s adopted rules and procedures, this Amendment has been reviewed by City Staff, the Planning Commission, and the City Council; and

I. WHEREAS, the City and Owner have a mutual interest, based on the Recitals in the Agreement and as set forth herein above, to extend the term of the Development Agreement.

**AGREEMENT**

NOW, THEREFORE, in consideration of the terms and conditions set forth herein, and for good and valuable consideration, the Parties do hereby agree as follows:

1. Except as expressly defined in this Amendment, all capitalized words and phrases shall have the same meaning ascribed to them in the Development Agreement.

2. The term of the Development Agreement shall be extended for an additional twenty (20) years (“Extension Term”), commencing on November 1, 2024, which is the first day after the last day of the 30-year term set forth in Section 2.3 of the Development Agreement. For purposes of the Agreement, the “term” or “Term” of the Agreement shall include the entire period for which the Development Agreement is operative, including the initial 30-year term and Extension Term.

3. To correct duplicative numbering in Article 2 of the Development Agreement, the second Section numbered “2.4” shall be renumbered to “2.5”, and the Section numbers thereafter in Article 2 shall likewise be renumbered, so that the Sections numbered “2.5” and “2.6” shall be renumbered to “2.6” and “2.7”, respectively.

4. The Owner notice addresses in the Development Agreement in Section 2.7(b), as modified by this Amendment, shall be deleted in their entirety and replaced with the following:

“If to OWNER:

Interinsurance Exchange of the Automobile Club  
3333 Fairview Road, A410  
Costa Mesa, California 92626  
Attn: Vice President, Administrative Services

with copies to:

Interinsurance Exchange of the Automobile Club  
3333 Fairview Road, A491  
Costa Mesa, California 92626  
Attn: General Counsel”

5. The proposed Phase II parking structure location shall be addressed in Section 3.7 of the Development Agreement, relating to changes to the Existing Development Approvals which

shall be deemed “minor,” by adding a new clause as clause (e) and renumbering clause (e) to (f) in the last sentence of Section 3.7, to read as follows:

“Unless otherwise required by law, a change to the Existing Development Approvals shall be deemed ‘minor’ and not require an amendment to this Agreement provided such change does not:

(e) Decrease the setback distance requirements for the proposed Phase II parking structure from the northern property boundary, as set forth in Item #5 (Shade and Shadows) of the Inventory of Mitigation Measures, attached as part of Exhibit “B” to City Council Resolution No. 94-54. (Relocation of the Phase II parking structure shall be proposed further away from the existing residential uses north of the smaller parcel to improve compatibility and to minimize potential adverse impacts of the parking structure proximate to residential units); or,

(f) Constitute a project requiring a subsequent or supplemental environmental impact report pursuant to Section 21166 of the Public Resources Code.”

Except as amended above, all of the terms and conditions set forth in Section 3.7 of the Development Agreement shall remain in full force and effect.

6. The Development Exactions in Section 3.9(b), clauses (i) and (iii), of the Development Agreement shall be amended as follows:

(a) During the Extension Term as defined above, the first sentence of clause (i) of Section 3.9(b) is amended such that the ADT generated by the second phase of development shall be calculated by multiplying .00989 times the number of square feet of building area to be constructed under the building permit, to read as follows:

“The ADT generated by new development shall be calculated by multiplying .00718 times the number of square feet of building area to be constructed under the building permit; provided, however, that during the Extension Term, the ADT generated by the second phase of development shall be calculated by multiplying .00989 times the number of square feet of building area to be constructed under the building permit.”

Except as amended above, all of the terms and conditions set forth in clause (i) of Section 3.9(b) of the Development Agreement shall remain in full force and effect.

(b) During the Extension Term as defined above, clause (iii) of Section 3.9(b) of the Development Agreement shall be amended by adding the following sentences at



the end of the paragraph, to read as follows:

“Commencing on the Extension Term, the traffic impact fee shall be adjusted to two hundred thirty-five dollars (\$235.00) per ADT. For any building permit issued during the Extension Term, the traffic impact fee shall be the lesser of either \$235 per ADT or the amount per ADT then in effect in accordance with Section 13-274 of the CITY Planning, Zoning and Development Code or successor CITY ordinance.”

Except as amended above, all of the terms and conditions set forth in clause (iii) of Section 3.9(b) of the Development Agreement shall remain in full force and effect.

7. The Development Exactions in Section 3.9(c), clauses (ii) and (iii), of the Development Agreement shall be amended as follows:

(a) During the Extension Term as defined above, the last sentence of clause (ii) of Section 3.9(c) shall be amended so that the modified traffic impact fee of two hundred thirty-five dollars (\$235.00) and provisions applicable during the Extension Term are incorporated into this clause (ii), to read as follows:

“Any such payment by OWNER or refund by CITY shall be made within thirty days of submittal of such traffic study and shall be based on the lesser of either two hundred twenty-eight dollars (\$228.00) (or, during the Extension Term, two hundred thirty-five dollars (\$235.00) per ADT or the amount per ADT then in effect under Section 13-326 (or, during the Extension Term, Section 13-274) of the CITY Planning Zoning and Development Code or any successor CITY ordinance.”

Except as amended above, all of the terms and conditions set forth in clause (ii) of Section 3.9(c) of the Development Agreement shall remain in full force and effect.

(b) During the Extension Term as defined above, the last sentence of clause (iii) of Section 3.9(c) of the Development Agreement shall be amended so that the modified traffic impact fee of two hundred thirty-five dollars (\$235.00) and provisions applicable during the Extension Term are incorporated into this clause (iii), to read as follows:

“Any such payment by OWNER or refund by CITY shall be made within thirty (30) days of submittal of such second traffic study and shall be based on the lesser of two-hundred twenty-eight dollars (\$228.00) (or, during the Extension Term, two hundred thirty-five dollars (\$235.00) per ADT or the amount per ADT then, in effect under Section 13-326 (or, during the Extension Term, Section 13-274) of the CITY Planning, Zoning and

Development Code or any successor CITY ordinance.”

Except as amended above, all of the terms and conditions set forth in clause (iii) of Section 3.9(c) of the Development Agreement shall remain in full force and effect.

8. Except as expressly modified by this Amendment, all of the terms and conditions set forth in the Development Agreement shall remain the same and shall be in full force and effect.

[signatures on next page]

IN WITNESS WHEREOF, Developer and City have executed this Amendment as of the First Amendment Effective Date.

**“CITY”**  
CITY OF COSTA MESA

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

ATTEST:

CITY CLERK

By: \_\_\_\_\_

Name: \_\_\_\_\_

APPROVED AS TO FORM:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

**“OWNER”**  
INTERINSURANCE EXCHANGE OF  
THE AUTOMOBILE CLUB

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

APPROVED AS TO FORM:

By: \_\_\_\_\_

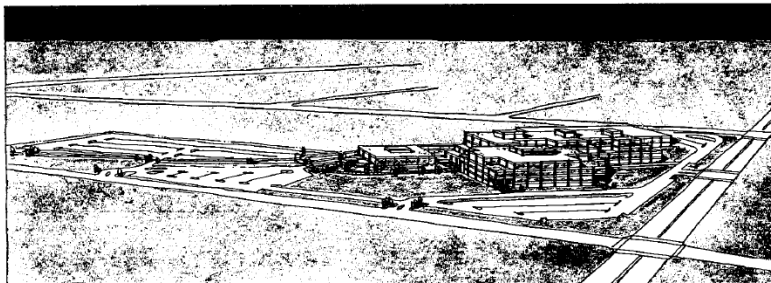
Name: \_\_\_\_\_

Its: \_\_\_\_\_

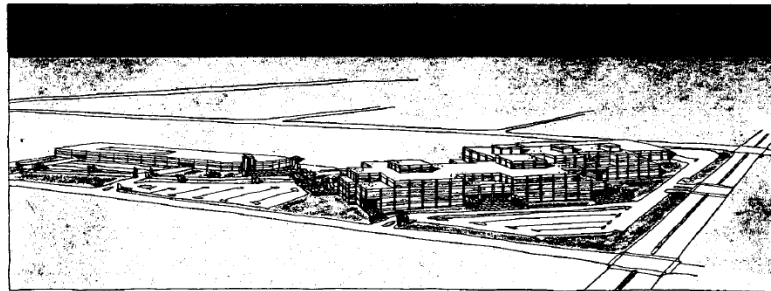
Phase II – Remaining Entitlements

**Phase II – Entitled (not built)**

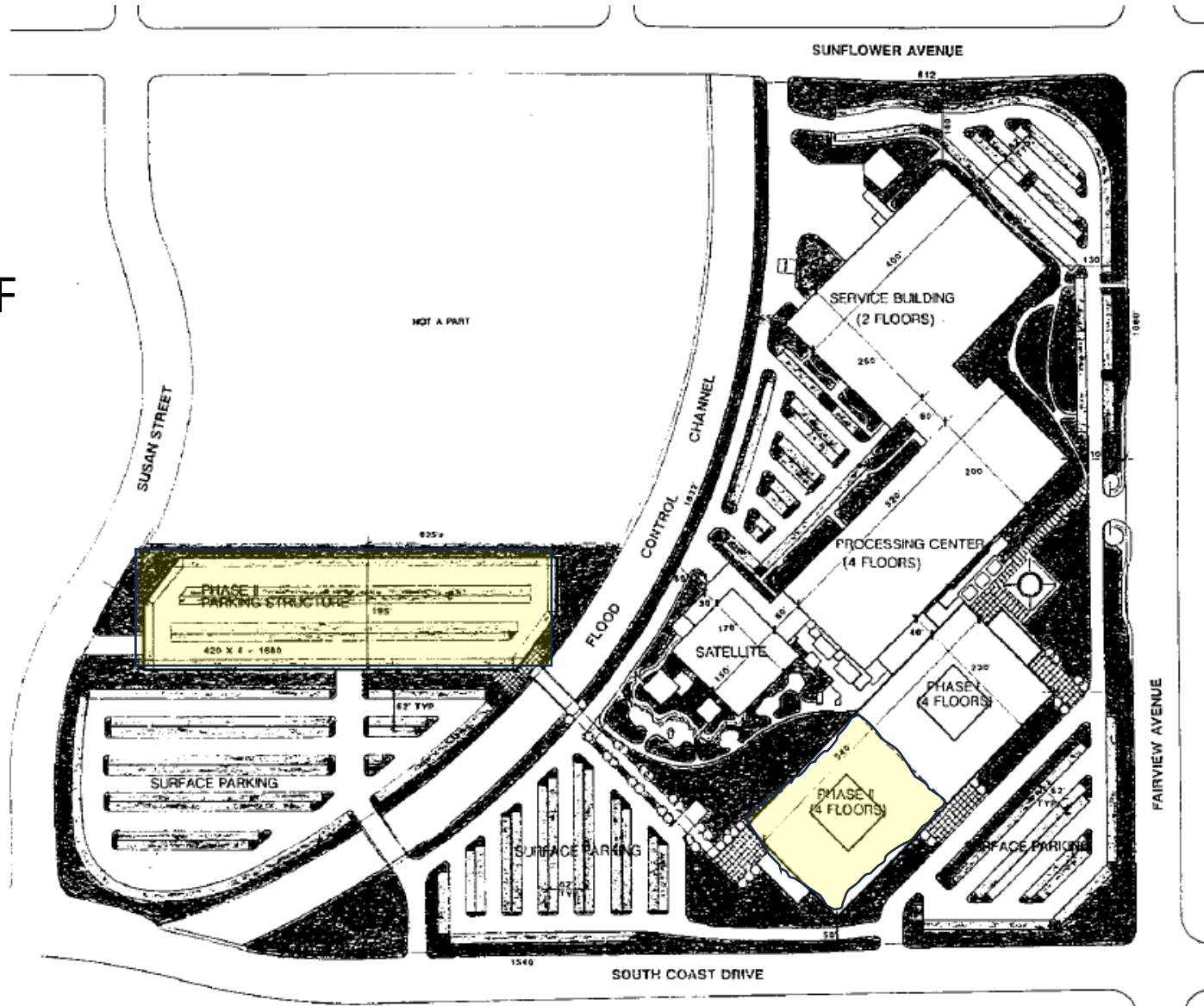
- Additional Building 250,000 SF
- Parking Structure 1,840 stalls  
(Parking structure located at least 60' away from north property line.)



PHASE I



PHASE II



Remaining Entitlements

**PARTIDA, ANNA**

---

**Subject:** Regarding Application No. DA-20-05 / 3333 Fairview Road

**From:** Kay Jafari <[kayjafari@gmail.com](mailto:kayjafari@gmail.com)>

**Sent:** Friday, July 12, 2024 8:33 PM

**To:** PLANNING INFO <[planninginfo@costamesaca.gov](mailto:planninginfo@costamesaca.gov)>

**Subject:** Regarding Application No. DA-20-05 / 3333 Fairview Road

Good afternoon,

I received a notice in the mail concerning the Automobile Club of Southern California's application as captioned above. I am requesting information about what specifically is being proposed with this application, including the applicant's future parking structure. I reside at 3366 Cte Cassis, Costa Mesa, CA 92626, so this application may impact me.

I thank you in advance for your time and diligence.

Best,

Kiarash ("Kay") Jafarifesharaki  
(949) 861 - 0352

**CAUTION:** This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe. Report any suspicious activities to the Information Technology Department.



# CITY OF COSTA MESA

## Agenda Report

77 Fair Drive  
Costa Mesa, CA 92626

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**File #:** 24-294

**Meeting Date:** 7/22/2024

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**TITLE:**

**PLANNING APPLICATION 21-28 FOR A CONDITIONAL USE PERMIT TO OPERATE A RETAIL CANNABIS STOREFRONT BUSINESS WITH DELIVERY LOCATED AT 2285 NEWPORT BOULEVARD (“MEDLEAF”)**

**DEPARTMENT: ECONOMIC AND DEVELOPMENT SERVICES DEPARTMENT/ PLANNING DIVISION**

**PRESENTED BY: MICHELLE HALLIGAN, CONTRACT PLANNER**

**CONTACT INFORMATION: 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 21-28, subject to conditions of approval.



# **PLANNING COMMISSION AGENDA REPORT**

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MEETING DATE: July 22, 2024      ITEM NUMBER: PH-2

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**FROM: ECONOMIC AND DEVELOPMENT SERVICES DEPARTMENT/  
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2. Approve Planning Application 21-28, subject to conditions of approval.

## **APPLICANT OR AUTHORIZED AGENT**

The applicant’s agent is Sean Maddocks on behalf of the property owner, Kanwarjit Singh, and ML Costa Mesa LLC dba “MedLeaf.”

## PLANNING APPLICATION SUMMARY

Location:	2285 Newport Boulevard	Application Number(s):	PA-21-28
Request:	Planning Application 21-28 is for a Conditional Use Permit to operate a retail cannabis storefront business with delivery.		

### **SUBJECT PROPERTY:**

### **SURROUNDING PROPERTY:**

Zone:	C2 (General Business District)	North:	C2 (General Business District)
General Plan:	General Commercial	South:	C2 (General Business District)
Lot Dimensions:	Irregular	East:	R2-MD (Multiple-Family Residential, Medium Density) and C1 (Local Business District) across State Route 55
Lot Area:	45,738 SF (1.05 AC)	West:	C2 (General Business District)
Existing Development:	The parcel is developed with an existing 6,400-square-foot one-story multi-tenant commercial building.		

## DEVELOPMENT STANDARDS COMPARISON

Development Standard	Required/Allowed Zone Dev. Standard	Proposed/Provided
Building Height	2 Stories / 30 ft.	2 stories / 18 ft. 11 in.
Setbacks:		
Front	20 ft.	24 ft. 6 in.
Side	15 ft. / 0 ft.	43ft. 6 in./ 0 ft.
Rear	0 ft.	81 ft. 9 in.
Landscaping - front	20 ft.	3 ft to 17 ft. <sup>1</sup>
Parking	26	39 <sup>2</sup>
Floor area ratio (FAR)	0.20	0.14
1. The width of the front landscaped setback varies and is legal non-conforming.		
2. The proposed site plan provides 38 parking stalls, plus a bike rack credit of one stall.		
CEQA Status	Exempt per CEQA Guidelines Section 15301 (Class 1, Existing Facilities)	
Final Action	Planning Commission	



## **BACKGROUND**

The subject 1.05-acre property is located at 2285 Newport Boulevard, a midblock location between Wilson Street and Fairview Road and parallel to State Route 55. The site is zoned C2 (General Business District) with C2 zoned properties located to the north and south. The site has a General Plan Land Use Designation of “General Commercial.”

Existing development on the subject property consists of a one-story, 6,400-square-foot multi-tenant commercial building (see Image 1, below). Two suites are currently occupied by a car wash and a smog check station with auto repair. The other two suites are currently vacant. The subject retail cannabis storefront establishment (“MedLeaf”) proposes to remodel and occupy 2,400-square-feet. The car wash use would occupy the remainder of the building. Previous uses in the proposed storefront location include auto glass tinting, auto sales, smog testing, and auto repair.

**Image 1 – 2285 Newport Boulevard as Viewed Facing West**



The car wash was entitled through a Development Review in 1995. As proposed, the car wash use would remain and is still subject to the conditions of approval of DR-95-08. The other automotive uses on the site were entitled through Conditional Use Permit No. 99-04, approved February 22, 1999.

The property has one vehicular ingress/egress on Newport Boulevard and another on Fairview Road. Parking is provided in a surface parking lot. Neighboring uses include but are not limited to, a gas station, auto repair, offices, a cannabis storefront that is expected to open this year, and other retail uses.

### ***Nonconforming Development***

The existing development on the subject property has a legal, nonconforming landscape setback, and therefore is subject to the nonconforming provisions of the Costa Mesa

Municipal Code Section 13-204. Pursuant to this Code section, a conforming use may be located on a nonconforming property so long as any new site modifications do not result in greater site nonconformities, and such improvements bring the site into greater conformance with Code requirements. As proposed and conditioned, improvements would be made to increase the number of trees and other plants in the landscaped front and rear setbacks; however, and as specifically allowed by the CMMC, the existing site nonconformities can remain pursuant to the City’s legal nonconforming provisions.

***City of Costa Mesa Medical Marijuana Measure (Measure X) and Costa Mesa Retail Cannabis Tax and Regulation Measure (Measure Q)***

In November 2016, Costa Mesa voters approved Measure X, allowing medical cannabis manufacturing, packaging, distribution, research and development laboratories, and testing laboratories in “Industrial Park” (MP) and “Planned Development Industrial” (PDI) zoned properties north of South Coast Drive and west of Harbor Boulevard (“The Green Zone,” excluding the South Coast Collection property located at 3303 Hyland Avenue). Measure X is codified in Titles 9 and 13 of the CMMC.

In 2018, non-medical adult use cannabis became legal in California under the State’s Medicinal and Adult-Use Cannabis Regulation and Safety Act (Proposition 64). On April 3, 2018, the City Council adopted Ordinance No. 18-04 to allow non-medical use cannabis facilities in the same manner and within the same geographic area as were previously allowed pursuant to Measure X.

On November 3, 2020, Costa Mesa voters approved Measure Q, the Costa Mesa Retail Cannabis Tax and Regulation Measure. This measure allowed the City to adopt regulations permitting cannabis storefront retail (dispensaries) and non-storefront retail (delivery) within the City subject to numerous operational requirements. On June 15, 2021, the City Council adopted Ordinances No. 21-08 and No. 21-09 to amend Titles 9 and 13 of the CMMC to establish regulations for legal cannabis storefront and non-storefront uses. A “non-storefront” retailer sells packaged cannabis goods to customers through direct delivery. On May 7, 2024, the City Council adopted Ordinances No. 24-03 and No. 24-04 to amend the City’s retail cannabis provisions in Titles 9 and 13.

***Cannabis Business Permit (CBP) Application Process***

The process to establish a retail cannabis business is subject to an extensive submittal and application review procedure. Retail cannabis applicants must obtain the following City approvals and also obtain State permitting/license approval before conducting business in Costa Mesa:

- Pre-Application Determination;
- CBP Notice to Proceed;
- Conditional Use Permit (CUP);
- Building Permit(s);
- Final City Inspections;

- CBP Issuance; and
- City Business License.

The “Pre-Application Determination” includes staff review of a detailed applicant letter that describes the proposed business, an existing site plan, statement attesting that there is/has been no unpermitted cannabis activity at the site within one-year, and a detailed map demonstrating the proposed storefront’s distance from sensitive uses. Staff also visits the project site at this time. Planning staff has completed the aforementioned pre-application review, visited the site, and issued a letter indicating that the application complies with the City’s required separation distances from sensitive uses and may proceed to submittal of a CBP.

Following completion of the pre-application review, the applicant submitted a CBP application for the initial phase of the CBP process. Staff’s initial CBP review includes:

- A background check of the business owner(s)/operator(s);
- An evaluation of the proposed business plan (including a capitalization analysis); and
- An evaluation of the proposed security plan by the City’s cannabis security consultant, HdL Companies (HdL).

The applicant successfully passed these evaluations and staff issued a “CBP Notice to Proceed,” which allowed the applicant to submit a CUP application. The CUP application and required supportive materials were submitted by the applicant and reviewed for conformance with City standards and regulations by the Planning Division, Building Division, Public Works Department (including Transportation and Engineering Divisions), Fire Department, and Police Department. If the Planning Commission approves the CUP, the applicant may then begin the remaining steps of the CBP process, which include:

- Obtaining building permits;
- Completing tenant improvements; and
- Demonstrating through various City reviews/inspections that all conditions of approval have been satisfied, and that all other requirements of the CMMC have been met.

After passing the final City and HdL inspections, the CBP would be issued. CBP approval is valid for a two-year period and must be renewed prior to expiration. During the two-year CBP period, the Community Improvement Division (CID), along with other City staff, will conduct site inspections to verify that the business is operating in compliance with CUP and CBP requirements. Violations identified during site inspections will be required to be corrected, or may be grounds for revocation of issued permits and/or non-renewal of a CBP.

After obtaining the CBP, the applicant would apply for and obtain a City Business License through the Finance Department. As previously mentioned, the applicant must obtain the

appropriate permits/licenses from the State Department of Cannabis Control (DCC) prior to operating. Lastly, cannabis retail businesses are subject to a City-established seven-percent gross receipts tax, which must be paid to the City of Costa Mesa's Finance Department. Records and revenues are audited annually by the Finance Department and HdL Companies.

## **DESCRIPTION**

Planning Application 21-28 is a request for a CUP to allow a retail cannabis use within an existing commercial building located at 2285 Newport Boulevard. The affiliated State license is a Type 10 "storefront retailer." Upon approval of a CUP, CBP, City Business License, and State licenses, the business would sell pre-packaged cannabis and pre-packaged cannabis products directly to customers onsite and through delivery, subject to conditions of approval and other City and State requirements.

## **ANALYSIS**

### ***Conditional Use Permit Required***

Pursuant to CMMC Sections 13-28(B) and 13-200.93(c)(1), subject to the approval of the Planning Commission, a CUP is required for the establishment of cannabis retail storefronts and non-storefronts (delivery) in a commercial zone. To obtain a CUP, an applicant must show that the proposed use is compatible with the City's applicable zoning and General Plan provisions/policies, and will not be detrimental to public health, safety, and welfare.

The subject site is located within a commercial zone (C2 – General Business District) where commercial development is specifically allowed to include cannabis retail storefronts subject to a conditional use permit. As defined in the CMMC, "this district is intended to provide for those uses which offer a wide range of goods and services with are generally less compatible with more sensitive land uses of a residential of institutional nature." Pursuant to the CMMC, cannabis retail storefronts and non-storefronts are subject to extensive regulation (as further described in this report) which are adopted to prevent land use inconsistencies with adjacent properties. Pursuant to the CMMC, the approval of a CUP requires that the Planning Commission make specific findings related to neighborhood compatibility, health and safety, and land use compatibility. The analysis regarding CUP findings is provided below in this report.

### ***Separation Requirements***

On June 7, 2024, the City Council adopted Ordinance No. 2024-03, amending Title 13 pertaining to cannabis storefronts. Among other local cannabis regulatory changes, the amendment included increasing the minimum distance between a cannabis storefront and youth center from 600 to 1,000 feet, and established a minimum separation of 250 feet between a cannabis storefront and properties zoned for residential use. The proposed site location is located more than 1,000 feet from a youth center; however, is located less than 250 feet (approximately 215 feet) from the nearest residential property line. Because the

project was determined to be in compliance with the separation requirements prior to the effective date of the revised Ordinance, the project is considered Code compliant (as further described below).

The proposed project location was evaluated based on the separation requirements in effect during the pre-application submittal. At that time, CMMC Section 13-200.93(e) stipulated that no cannabis retail storefront use shall be located within 1,000 feet from a K-12 school, playground, licensed child daycare, or homeless shelter, or within 600 feet from a youth center as defined in CMMC Title 9, Chapter VI, Section 9-485, that is in operation at the time of submission of a completed cannabis business permit application. All separation distances are measured in a straight line (“as the crow flies”) from the “premises” where the cannabis retail use is to be located to the closest property line of the sensitive use(s) (with the exception of playgrounds). (For playgrounds, the required separation distance is measured from a 30-foot radius from the exterior physical boundaries of the playground equipment area.) Premises is as defined in the State’s Business and Professions Code Section 26001 as “*the designated structure or structures and land specified in the application that is owned, leased, or otherwise held under the control of the applicant or licensee where the commercial cannabis activity will be or is conducted. The premises shall be a contiguous area and shall only be occupied by one licensee*”. Therefore, the premises only include the retail cannabis activity areas (including sales, storage, back-of-house and/or other ancillary areas) and excludes the parking lot and other areas that are not part of the area licensed by the State for commercial cannabis activity. The subject site complies with the applicable required separation from sensitive uses.

### ***Exterior Tenant Improvements***

The applicant proposes to improve the tenant space to meet current building and safety codes as well as update the façade with new windows, doors, and paint. See Image 2, below. Other proposed exterior improvements include:

- The installation of new plants, including nine new trees along Newport Boulevard, in various landscaped planters. A conceptual landscaping plan has been provided and will be refined during the building plan check process, as conditioned;
- The installation of a bicycle rack on the Newport Boulevard side of the property to encourage multi-modal transportation; and
- Install new security lighting and surveillance cameras. A lighting/photometric plan will be refined during the building plan check process, as conditioned.

Proposed business signage would be reviewed and permitted separately per the City’s sign code requirements. Pursuant to Condition of Approval No. 6 (Prior to Issuance of Building Permits), business signage shall not include references to cannabis, whether in words or symbols. Should the applicant wish to install an exterior mural as shown in the conceptual renderings, the mural would be reviewed separately from the CUP. As conditioned, the Planning Commission would have the opportunity to review the proposed mural in addition to the Arts Commission.

**Image 2 – Proposed Exterior**



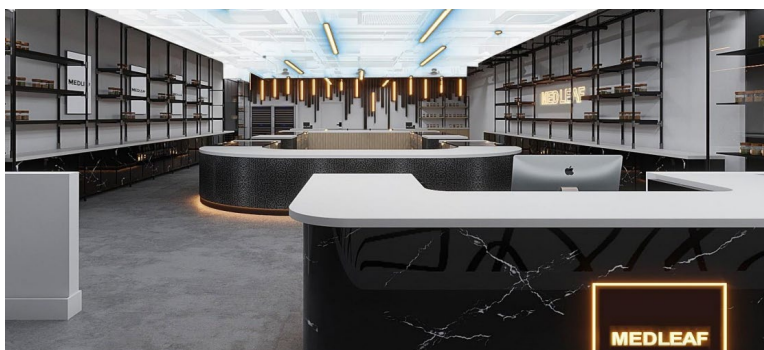
***Interior Tenant Improvements***

The proposed interior improvements involve removing existing walls and doors as well as the construction of new demising walls to facilitate operations of a cannabis business, including a lobby, sales floor, breakroom, office, and storage. The restroom is located in the adjacent suite, to be shared by both tenants as it has been in the past. A floor area summary of the proposed licensed premise is provided in Table 1, below. A rendering of the proposed sales area is provided in Image 3, below.

**Table 1 – Floor Plan Summary**

<b>Operational Area</b>	<b>Square Feet</b>
Lobby	340
Retail Sales Area	1,710
Breakroom	158
Office	96
Storage	96
<b>Total</b>	<b>2,400</b>

**Image 3 – Proposed Sales Area**



### ***Customer and Employee Access***

Customer access is limited to the lobby and sales area. Customer circulation to and from the proposed establishment includes entering and exiting the licensed premise through the lobby. A greeter employee would verify the customer's identity and age before allowing the customer to enter the retail sales area. After a customer's identity and age is verified and their transaction is completed, they must leave the premise through the same door. As further conditioned, a security guard would monitor the area to ensure that customers are following regulations.

All other areas of the premises would be accessible only to employees with the proper security credentials. Employees would enter through the customer entrance or the employee only access-controlled door in the rear.

### ***Delivery and Vendor Access***

During business hours, delivery and vendor vehicles would use a loading/unloading space approximately 35 feet from the entrance. When loading/unloading vehicles, delivery employees would enter/exit through the entrance to avoid the car wash operation. Vendors would only be allowed to enter the premise after signing in and while accompanied by an employee. As conditioned, the exterior doors, path of travel, and vehicle loading/unloading area would be under camera surveillance at all times, and the required onsite security guard would also monitor the delivery and vendor operations.

### ***Storefront/Delivery Operations***

The proposed business is required to comply with retail storefront and operational conditions/requirements as follows:

- Display State license, CBP, and City business license in a conspicuous building location;
- Hours of operations are limited to 7:00 AM to 10:00 PM;
- Shipments of cannabis goods may only be accepted during regular business hours;
- Cannabis inventory shall be secured using a lockable storage system during non-business hours;
- At least one security guard will be onsite during hours of operation. At the request of the Chief of Police or designee, based upon site-specific concerns or safety incidents, at least one licensed private security guard or guards may be required to be present at the premises 24 hours per day;
- The premises and the vicinity must be monitored by security and/or other staff to ensure that patrons immediately leave, and do not consume cannabis onsite or within close proximity. The CMMC prohibits the consumption of cannabis or cannabis products in public areas; cannabis consumption is limited to non-public areas, such as within a private residence. State law further prohibits cannabis consumption and open container possession within 1,000 feet of sensitive uses and while riding in or driving a vehicle;

- There must be continuous video monitoring and recording of the interior and exterior of the premises;
- Adequate security lighting shall be provided and shall be designed to prevent offsite light spill;
- Onsite sales of alcohol or tobacco products and onsite consumption of alcohol, cannabis, and tobacco products is prohibited;
- No one under the age of 21 is allowed to enter the premises. If the business holds a retail medical cannabis license (M-license) issued by the State, persons over the age of 18 may be allowed with the proper medical approvals i.e. physician's recommendation or medical card pursuant to CMMC Section 9-495(h)(6);
- Prior to employment, all prospective employees must successfully pass a background check conducted by the City, and the employee must obtain a City issued identification badge;
- Customers are only granted access to the retail area after their age and identity has been confirmed by an employee;
- Each transaction involving the exchange of cannabis goods between the business and consumer shall include the following information:
  - Date and time of transaction;
  - Name and employee number/identification of the employee who processed the sale;
  - List of all cannabis goods purchased including quantity; and
  - Total transaction amount paid.
- There must be video surveillance of the point-of-sale area and where cannabis goods are displayed and/or stored;
- Cannabis products shall not be visible from the exterior of the building;
- Free samples of cannabis goods are prohibited;
- When receiving new inventory from licensed distributors, employees will verify the distributor's identity and license prior to allowing them to enter the facility. After distributor's credentials have been confirmed, an employee will escort the distributor to the receiving area and remain with them throughout the process;
- Cannabis goods to be sold at this establishment (either storefront or delivery) must be obtained by a licensed cannabis distributor and have passed laboratory testing;
- Cannabis product packaging must be labeled with required test results and batch number;
- Packaging containing cannabis goods shall be tamper-resistant; if packaging contains multiple servings, the package must also be re-sealable;
- When processing orders for cannabis delivery, employees will collect the pre-packaged materials, load products into a secured container and transport the containers to delivery vehicles outside the building. Video surveillance cameras will be installed with direct views of the path of travel and loading and unloading area. All loading and unloading of delivery vehicles will be monitored by the required security guard;
- Cannabis deliveries must be made in-person by an employee of the licensed retailer. An independent contractor, third-party courier service, or an individual employed through a staffing agency would not be considered employed by the licensed retailer;



- The applicant shall maintain proof of vehicle insurance for any and all vehicles being used to deliver cannabis goods;
- During delivery, the employee shall maintain a physical or electronic copy of the delivery request and shall make it available upon request by the licensing authority and law enforcement officers;
- A delivery employee shall not leave the State of California while possessing cannabis products and while performing their duties for the cannabis retailer;
- The business shall maintain a list of all deliveries, including the address delivered to, the amount and type of product delivered, and any other information required by the State;
- Any delivery method shall be made in compliance with State law, as amended, including use of a vehicle that has a dedicated global positioning system (GPS) device for identifying the location of the vehicle (cell phones and tablets are insufficient);
- Signs, decals or any other form of advertisement on the delivery vehicles are prohibited;
- Deliveries must be made to a physical address that is not on publicly owned land and cannot be a school, a day care, homeless shelter, or a youth center; and
- A cannabis delivery employee shall not carry cannabis goods valued in excess of \$5,000 at any time, with no more than \$3,000 of cannabis goods that are not already part of a customer order that was processed prior to leaving the premises.

***Business Plan***

The applicant has submitted a detailed business plan that was evaluated by the City’s cannabis consultant (HdL). The business plan described the owners’ experience, proof of capitalization, start-up budget, a three-year pro forma, target customers, key software, and daily operations. The business plan contains proprietary details and is therefore not included as an attachment to this staff report. The City’s cannabis consultant determined that the applicant’s business plan was appropriate for the proposed retail operations.

***Security Plan***

The applicant has submitted a professionally prepared security plan for the proposed retail cannabis establishment. The City’s cannabis consultant reviewed the security plan and determined that appropriate security measures were included to address the City’s security requirements pursuant to CMMC Title 9, Chapter VI, and State law. In May of 2024, the City Council adopted Ordinance No. 2024-04 amending Title 9 of the Municipal Code, which included a modification to the cannabis storefront security guard requirement from 24 hours per day to only during business hours, unless the Chief of Police determines otherwise. Therefore, and pursuant to the Municipal Code, staff has conditioned the proposed operations to provide security only during business operation, unless otherwise directed by the Chief of Police to maintain security twenty-four (24) hours per day.

Since the security plan contains sensitive operational details that require limited public exposure to remain effective, the plan is not included as an attachment. However, the following is a list of general security measures that are required for all cannabis retail storefronts:

- At least one security guard will be onsite during business operation, unless otherwise directed by the Chief of Police to maintain a security guard twenty-four (24) hours per day;
- All employees, including drivers, must pass a “Live Scan” background check;
- City-issued identification badges are required for employees;
- An inventory control system shall be maintained;
- Exterior and interior surveillance cameras shall be monitored and professionally installed;
- An alarm system shall be professionally installed, maintained, and monitored;
- Surveillance footage must be maintained for a minimum of 90 days;
- Cash, cannabis, and cannabis products shall be kept in secured storage areas;
- Sensors shall be installed that detect entry and exit from all secured areas;
- Security lighting (interior and exterior) shall be installed;
- Emergency power supply shall be installed;
- Employees shall be trained for use with any/all emergency equipment;
- Delivery drivers shall be trained on delivery safety protocols;
- Employees and vendors will be trained regarding cash and product transportation protocol;
- Visitor/customer specific security measures shall be required;
- All facility entry and exit points and locations where cash or cannabis products are handled or stored shall be under camera surveillance;
- The applicant shall submit a list of all vehicles to be used for retail delivery purposes to the Costa Mesa Police Department. The list shall identify the make, model, color, license plate number, and registered owner of each vehicle. The applicant shall submit an updated vehicle list each quarter with the required quarterly update to the employee roster pursuant to the CBP;
- Delivery vehicle drivers shall be at least age 21, have a current driver’s license, successfully complete a live scan, and have a City-issued badge; and
- The business operator shall ensure that all delivery vehicles are properly maintained, all delivery drivers have a good driving record, and each driver conducts a visual inspection of the vehicle at the beginning of a shift.

### ***Parking and Circulation***

Retail cannabis establishments are subject to the same parking ratio as other retail uses in the City; four spaces per 1,000 square feet of gross floor area. Pursuant to the CMMC, the parking required for the 2,400-square foot storefront is ten parking spaces. The parking required for the entire 6,400-square-foot building is 26 parking spaces. The applicant is proposing to restripe the parking lot to accommodate up to 38 parking spaces, plus a credit of one additional stall for a bike rack. As conditioned, the

improvements to the site would include adding a bicycle rack along the Newport Boulevard frontage. The exact location of the bicycle rack would be determined during plan check.

Staff has included Resolution “Operational Condition of Approval No. 7” which requires that if parking shortages or other parking-related problems occur, the business owner or operator will be required to monitor the parking lot and institute appropriate operational measures necessary to minimize or eliminate the problem in a manner deemed appropriate by the Director of Economic and Development Services (see “Operational Conditions” of Approval No. 7 in the attached Resolution). Examples of parking demand management techniques include, but are not limited to, offsite parking for employees, reducing operating hours of the business, hiring an employee to monitor parking lot use and assist with customer parking lot circulation, and incentivizing employee carpooling/cycling/walking. As conditioned, cannabis operators would also provide a parking plan to the Director of Economic and Development Services or their designee in advance of any special event such as a grand opening.

### ***Traffic***

CMMC Section 13-275(e) indicates that any increase in traffic generation by a change of use that is required to obtain a discretionary permit, shall be subject to review by the appropriate reviewing authority, which may impose fees to address increased trip generation. If required, the fee collected is used to fund the City’s comprehensive transportation system improvement program. The purpose of the program is to ensure that the City’s transportation system has the capacity to accommodate additional trips. The Citywide Traffic Impact Fee related to new and expanding developments is determined using estimated Average Daily Trips (ADT), which is the combined total number of vehicular trips both in and out of a development generated throughout an average weekday. The Transportation Services Division determined that the appropriate ADT for a cannabis retail establishment is approximately 108 trips per 1,000 square feet based on the Institute of Transportation Engineers (ITE) 11<sup>th</sup> Edition Trip Generation Manual for the most similar use “pharmacy/drug store with a drive-through”. The City’s traffic engineering review focuses on net trip increase for both the ADT and peak hour trips. Therefore, the previous/existing use(s) trips are credited (subtracted) from the proposed use to estimate potential changes in trip generation for ADT and peak hour trips. The proposed use would be subject to a traffic impact fee based on net ADT. The estimated traffic impact fee is approximately \$298,905. The fee calculation would be finalized during the building permit plan check process and must be paid prior to building permit issuance.

CMMC Section 13-275(a), specifies that “a traffic impact study shall be required for all development projects estimated by the Public Works Department to generate one hundred (100) or more vehicle trip ends during a peak hour.” The highest peak hour trips in either the AM or PM is used to estimate the number of vehicular trips generated both in and out of a new or expanded development known as vehicle trip-ends during a peak hour. The City’s Transportation Services staff determined that the proposed use

would result in approximately 16 PM peak hour trips and thus a traffic study is not required.

### ***Odor Attenuation***

Cannabis products would arrive in State compliant packaging that is sealed and odor-resistant, and remain unopened while on the premises. However, a minimal amount of cannabis product may be removed from packaging for display purposes and would be placed in display containers. The proposed facility would provide carbon air filtration to eliminate odor from escaping the tenant space. As conditioned, the operator must replace the air filters at regular intervals, as directed in the manufacturer specifications. Cannabis products are not allowed to be disposed of in the exterior trash enclosure. Further, as conditioned, if cannabis odor is detected outside of the building or off-site, the business owner/operator will be required to institute further operational measures necessary to eliminate off-site odors in a manner deemed appropriate by the Director of Economic and Development Services.

### **GENERAL PLAN CONFORMANCE**

The Costa Mesa General Plan establishes long-range planning and policy direction that guides change and preserves the qualities that define the community. The 2015-2035 General Plan sets forth the vision for Costa Mesa for the next two decades. This vision focuses on protecting and enhancing Costa Mesa's diverse residential neighborhoods, accommodating an array of businesses that both serve local needs and attract regional and international spending, and providing cultural, educational, social, and recreational amenities that contribute to the quality of life in the community. The following analysis evaluates the proposed project's consistency with applicable policies and objectives of the 2015-2035 General Plan.

**Policy LU-1.1:** *Provide for the development of a mix and balance of housing opportunities, commercial goods and services and employment opportunities in consideration of the need of the business and residential segments of the community.*

**Consistency:** The proposed use would provide an additional use at the subject property (besides the previous pattern automotive uses), and therefore result in a greater diversity ("mix") of commercial goods. The proposed cannabis use would also provide an entrepreneurial business in Costa Mesa located within a commercial area, as allowed under Measure Q, and provides additional employment opportunities in the community.

**Objective LU-6B:** *Encourage and facilitate activities that expand the City's revenue base.*

**Consistency:** Retail cannabis uses are subject to a unique local tax that does not apply to other retail businesses in Costa Mesa. Retail cannabis uses are expected to generate increased tax revenues due to this seven-percent local

tax on gross product receipts. This revenue will then be used for community services and infrastructure improvements that serve the community.

**Policy LU-6.15:** *Promote unique and specialized commercial and industrial districts within the City which allow for incubation of new or growing businesses and industries.*

**Consistency:** The proposed use is part of the specialized cannabis industry that is limited in Orange County. Out of 34 cities in the county, four have open cannabis storefronts--Costa Mesa, Laguna Woods, Santa Ana, and Stanton. Approval of this CUP would facilitate a business opportunity in a specialized and expanding industry along State Route 55.

**Policy LU-3.1:** *Protect existing stabilized residential neighborhoods, including mobile home parks (and manufactured housing parks), from the encroachment of incompatible or potentially disruptive land uses and/or activities.*

**Consistency:** The proposed cannabis storefront is located approximately 215 feet from residential development, when measured from the proposed licensed premise to the residential property line. As conditioned, the proposed use would be required to control odor, manage parking, and provide adequate security to ensure compatibility between uses such as the neighboring car wash, other nearby commercial, office, and industrial uses, and residential uses located across Fairview Road. A security guard would be present onsite during hours of operation. The aforementioned cannabis operation controls exceed typical requirements for other retail uses.

## **REQUIRED FINDINGS**

Pursuant to Title 13, Section 13-29(g), Findings, of the Costa Mesa Municipal Code, in order to approve the project, the Planning Commission must find that the evidence presented in the administrative record substantially meets specified findings as follows:

- **The proposed development or use is substantially compatible with developments in the same general area and would not be materially detrimental to other properties within the area.**

The subject site is located within a commercial zone (C2, General Business District) where commercial development is specifically allowed to include retail cannabis uses. As defined in the CMMC, the C2 zoning district “is intended to provide for those uses which offer a wide range of goods and services which are generally less compatible with more sensitive land uses of a residential or institutional nature.” In addition, the property is located on one of the City’s primary commercial corridors that is predominantly intended for commercial uses. Pursuant to the CMMC, cannabis retail storefronts are permitted uses in the C2 zone and are subject to extensive regulation (as described in this report). Additionally, the proposed cannabis retail storefront use is not located within

1,000 feet of a K-12 school, playground, licensed child daycare, homeless shelter, or youth center as defined in the CMMC.

All retail sales would take place underroof, no outdoor storage or sales are proposed nor would be allowed, and operations would be conditioned to be compliant with applicable local and State laws, as well as to minimize potential impacts. Staff does not anticipate that the proposed retail cannabis use would be materially detrimental to the adjacent uses that include a car wash, gas station, auto repair, offices.

- **Granting the conditional use permit will not be materially detrimental to the health, safety and general welfare of the public or otherwise injurious to property or improvements within the immediate neighborhood.**

The proposed cannabis retail storefront use would follow safety measures detailed in a professionally-prepared security plan. The security plan was evaluated for compliance by the City's cannabis consultant, HdL. Measures designed to maintain safety at the site include, but are not limited to, at least one security guard that would be onsite during the hours of operation and security devices shall be installed before operation. Examples of security devices include window and door alarms, motion-detectors, limited access areas, and a monitored video surveillance system covering all exterior entrances, exits, and all interior limited access spaces. In addition, the business employees, including part-time staff, must pass a live scan background check and obtain an identification badge from the City. The conditions of approval include, but are not limited to, the aforementioned security measures to ensure that the use would not be materially detrimental to the health, safety and general welfare of the public or be otherwise injurious to property or improvements within the immediate neighborhood.

- **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.**

The proposed retail use is located within an existing commercial building on a property that has a General Plan land use classification of General Commercial. No additional square footage is proposed; therefore, approving the CUP would not increase site density or intensity. As stated in the General Plan Land Use Element, the City's commercial designations "accommodate a full range of commercial activity present and desired in Costa Mesa." 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 unique and specialized businesses.

## **ENVIRONMENTAL DETERMINATION**

The project is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301, for the permitting and/or minor alteration of Existing Facilities, involving negligible or no expansion of the existing or prior use. This project site contains an existing commercial building that has been used historically for commercial activities. The application does not propose an increase in commercial floor area or otherwise expand the prior commercial use. The project is consistent with the applicable General Plan land use designation and policies as well as with the applicable zoning designation and regulations. Furthermore, none of the exceptions that bar the application of a categorical exemption pursuant to CEQA Guidelines Section 15300.2 applies. Specifically, the project would not result in a cumulative impact; would not have a significant effect on the environment due to unusual circumstances; would not result in damage to scenic resources; is not located on a hazardous site or location; and would not impact any historic resources.

## **ALTERNATIVES**

The Planning Commission can consider the following decision alternatives:

1. Approve the project. The Planning Commission may approve the project as proposed, subject to the conditions outlined in the attached Resolution.
2. Approve the project with modifications. The Planning Commission may suggest specific changes that are necessary to alleviate concerns. If any of the additional requested changes are substantial, the hearing could be continued to a future meeting to allow a redesign or additional analysis. In the event of significant modifications to the proposal, staff can return with a revised Resolution incorporating new findings and/or conditions.
3. Deny the project. If the Planning Commission believes that there are insufficient facts to support the findings for approval, the Planning Commission must deny the application, provide facts in support of denial, and direct staff to incorporate the findings into a Resolution for denial. If the project is denied, the applicant could not submit substantially the same type of application for six months.

## **LEGAL REVIEW**

The draft Resolution and this report have been approved as to form by the City Attorney's Office.

## **PUBLIC NOTICE**

Pursuant to Title 13, Section 13-29(d) of the Costa Mesa Municipal Code, three types of public notification have been completed no less than ten days prior to the date of the public hearing:

1. **Mailed notice.** A public notice was mailed to all property owners and occupants within a 500-foot radius of the project site. The required notice radius is measured from the external boundaries of the property.
2. **On-site posting.** A public notice was posted on the project site street frontage.
3. **Newspaper publication.** A public notice was published once in the Daily Pilot newspaper.

Any public comments received prior to the July 22, 2024, Planning Commission meeting may be viewed at this link: <https://costamesa.legistar.com/Calendar.aspx>

## **CONCLUSION**

The proposed project is a retail cannabis storefront at an existing commercial property that is located on one of the City's commercial corridors. Staff and the City's cannabis consultant completed the Pre-application Determination, Business Plan and Security Plan evaluations, owner background checks, and thoroughly reviewed the CUP materials. If approved, the operation would be required to comply with all conditions of approval and extensive City and State regulations.

If the Planning Commission approves the project, the applicant would next obtain building permits, complete site and building improvements, and pass City inspections prior to obtaining a CBP and City Business License. The CBP would be valid for two years and must be continuously renewed, including inspections, prior to expiration. During each two-year CBP period, the Community Improvement Division, along with other City staff, conducts site inspections to verify that the operation complies with CUP and CBP requirements.

As proposed and conditioned, the use would be consistent with other commercial uses in the C2 zone, the Zoning Code, and the City's General Plan. The required findings for the CUP can be made, as described above, and therefore, staff recommends approval of Planning Application 21-28 subject to conditions of approval.



**RESOLUTION NO. PC-2024-**

**A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF COSTA MESA, CALIFORNIA APPROVING PLANNING APPLICATION 21-28 FOR A STOREFRONT RETAIL CANNABIS BUSINESS WITH DELIVERY (MEDLEAF) IN THE C2 ZONE AT 2285 NEWPORT BOULEVARD**

THE PLANNING COMMISSION OF THE CITY OF COSTA MESA, CALIFORNIA FINDS AND DECLARES AS FOLLOWS:

WHEREAS, in November 2020, the Costa Mesa voters approved Measure Q; which allows for storefront and non-storefront retail cannabis uses in commercially zoned properties meeting specific location requirements, and non-storefront retail cannabis uses in Industrial Park (MP) and Planned Development Industrial (PDI) zoned properties;

WHEREAS, on June 15, 2021, the City Council adopted Ordinance Nos. 21-08 and No. 21-09 to amend Titles 9 and 13 of the Costa Mesa Municipal Code (CMMC) to establish regulations for cannabis storefront and non-storefront uses;

WHEREAS, Planning Application 21-28 was filed by Sean Maddocks representing Refresh Costa Mesa LLC dba MedLeaf, and the authorized agent for the property owner, Kanwarjit Singh, requesting approval of the following:

A Conditional Use Permit to operate a cannabis retail storefront retail and delivery business within a 2,400-square-foot, one-story commercial building located at 2285 Newport Boulevard. The business would sell pre-packaged cannabis and pre-packaged cannabis products directly to customers onsite and through delivery, subject to conditions of approval and other City and State requirements;

WHEREAS, a duly noticed public hearing was held by the Planning Commission on July 24, 2024 with all persons having the opportunity to speak for and against the proposal;

WHEREAS pursuant to the California Environmental Quality Act (CEQA), the project is exempt from the provisions of CEQA per Section 15301 (Class 1), for Existing Facilities, as described specifically in the staff report;

WHEREAS, the CEQA categorical exemption for this project reflects the independent judgement of the City of Costa Mesa.

NOW, THEREFORE, based on the evidence in the record and the findings contained in Exhibit A, and subject to the conditions of approval contained within Exhibit

B, the Planning Commission hereby **APPROVES** Planning Application 21-28 with respect to the property described above.

BE IT FURTHER RESOLVED that the Costa Mesa Planning Commission does hereby find and determine that adoption of this Resolution is expressly predicated upon the activity as described in the staff report for Planning Application 21-28 and upon applicant's compliance with each and all of the conditions in Exhibit B, and compliance of all applicable State, and local laws. Any approval granted by this resolution shall be subject to review, modification or revocation if there is a material change that occurs in the operation, or if the applicant fails to comply with any of the conditions of approval.

BE IT FURTHER RESOLVED that if any section, division, sentence, clause, phrase or portion of this resolution, or the document in the record in support of this resolution, are for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining provisions.

**PASSED AND ADOPTED this 22nd day of July, 2024.**

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Adam Ereth, Chair  
Costa Mesa Planning Commission

STATE OF CALIFORNIA )  
COUNTY OF ORANGE )ss  
CITY OF COSTA MESA )

I, Scott Drapkin, Secretary to the Planning Commission of the City of Costa Mesa, do hereby certify that the foregoing Resolution No. PC-2024- was passed and adopted at a regular meeting of the City of Costa Mesa Planning Commission held on July 22, 2024 by the following votes:

AYES: COMMISSIONERS  
NOES: COMMISSIONERS  
ABSENT: COMMISSIONERS  
ABSTAIN: COMMISSIONERS

---

Scott Drapkin, Secretary  
Costa Mesa Planning Commission

Resolution No. PC-2024-

## EXHIBIT A

### FINDINGS

- A. The proposed project complies with Costa Mesa Municipal Code Section 13-29(g)(2) because:

**Finding:** The proposed development or use is substantially compatible with developments in the same general area and would not be materially detrimental to other properties within the area.

**Facts in Support of Findings:** The subject site is located within a commercial zone (C2, General Business District) where commercial development is specifically allowed to include retail cannabis uses. As defined in the CMMC, the C2 zoning district “is intended to provide for those uses which offer a wide range of goods and services which are generally less compatible with more sensitive land uses of a residential or institutional nature.” In addition, the property is located on one of the City’s primary commercial corridors that is predominantly intended for commercial uses. Pursuant to the CMMC, cannabis retail storefronts are permitted uses in the C2 zone and are subject to extensive regulation (as described in this report). Additionally, the proposed cannabis retail storefront use is not located within 1,000 feet of a K-12 school, playground, licensed child daycare, homeless shelter, or youth center as defined in the CMMC.

All retail sales would take place underroof, no outdoor storage or sales are proposed nor would be allowed, and operations would be conditioned to be compliant with applicable local and State laws, as well as to minimize potential impacts. Staff does not anticipate that the proposed retail cannabis use would be materially detrimental to the adjacent uses that include a car wash, gas station, auto repair, offices.

**Finding:** Granting the conditional use permit will not be materially detrimental to the health, safety and general welfare of the public or otherwise injurious to property or improvements within the immediate neighborhood.

**Facts in Support of Finding:** The proposed cannabis retail storefront use would follow safety measures detailed in a professionally-prepared security plan. The security plan was evaluated for compliance by the City’s cannabis consultant, HdL. Measures designed to maintain safety at the site include, but are not limited to, at least one security guard that would be onsite during the hours of operation and security devices shall be installed before operation. Examples of security devices include window and door alarms, motion-detectors, limited access areas, and a monitored video surveillance system

covering all exterior entrances, exits, and all interior limited access spaces. In addition, the business employees, including part-time staff, must pass a live scan background check and obtain an identification badge from the City. The conditions of approval include, but are not limited to, the aforementioned security measures to ensure that the use would not be materially detrimental to the health, safety and general welfare of the public or be otherwise injurious to property or improvements within the immediate neighborhood.

**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 proposed retail use is located within an existing commercial building on a property that has a General Plan land use classification of General Commercial. No additional square footage is proposed; therefore, approving the CUP would not increase site density or intensity. As stated in the General Plan Land Use Element, the City's commercial designations "accommodate a full range of commercial activity present and desired in Costa Mesa." 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 unique and specialized businesses.

- B. The project is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301, for the permitting and/or minor alteration of Existing Facilities, involving negligible or no expansion of the existing or prior use. This project site contains an existing commercial building that has been used continuously for commercial activities. The application does not propose an increase in commercial floor area or otherwise expand the prior commercial use. The project is consistent with the applicable General Plan land use designation and policies as well as with the applicable zoning designation and regulations. Furthermore, none of the exceptions that bar the application of a categorical exemption pursuant to CEQA Guidelines Section 15300.2 applies. Specifically, the project would not result in a cumulative impact; would not have a significant effect on the environment due to unusual circumstances; would not result in damage to scenic resources; is not located on a hazardous site or location; and would not impact any historic resources.
- C. The project is subject to a traffic impact fee, pursuant to Chapter XII, Article 3 Transportation System Management, of Title 13 of the Costa Mesa Municipal Code.

## EXHIBIT B

### CONDITIONS OF APPROVAL

#### General

- PIng.
1. The use of this property as a cannabis storefront business shall comply with the approved plans and terms described in the resolution, these conditions of approval, and applicable sections of the Costa Mesa Municipal Code (CMMC). The Planning Commission may modify or revoke any planning application based on findings related to public nuisance and/or noncompliance with conditions of approval [Title 13, Section 13-29(o)].
  2. Approval of the planning/zoning application is valid for two years from the effective date of this approval and will expire at the end of that period unless the applicant establishes the use by one of the following actions: 1) a building permit has been issued and construction has commenced, and has continued to maintain a valid building permit by making satisfactory progress as determined by the Building Official, 2) a certificate of occupancy has been issued, or 3) the use is established and a business license has been issued. A time extension can be requested no less than 30 days or more than sixty (60) days before the expiration date of the permit and submitted with the appropriate fee for review to the Planning Division. The Director of Development Services may extend the time for an approved permit or approval to be exercised up to 180 days subject to specific findings listed in Title 13, Section 13-29 (k) (6). Only one request for an extension of 180 days may be approved by the Director. Any subsequent extension requests shall be considered by the original approval authority.
  3. No person may engage in any cannabis business or in any cannabis activity within the City including delivery or sale of cannabis or a cannabis product unless the person:
    - a. Has a valid Cannabis Business Permit from the City;
    - b. Has paid all Cannabis Business Permit and all application fees and deposits established by resolution of the City Council, including annual Community Improvement Division inspection deposits;
    - c. Has obtained all applicable planning, zoning, building, and other applicable permits from the relevant governmental agency which may be applicable to the zoning district in which such cannabis business intends to operate;
    - d. Has obtained a City business license pursuant to Chapter I of the Municipal Code;
    - e. Is in compliance with all requirements of the Community Improvement Division regarding the property;
    - f. Has obtained any and all licenses required by State law and/or regulations; and
    - g. Has satisfied all CUP conditions of approval.

4. Any change in the operational characteristics of the use shall be subject to Planning Division review and may require an amendment to the Conditional Use Permit, subject to either Zoning Administrator or Planning Commission approval, depending on the nature of the proposed change.
5. No cultivation of cannabis is allowed anywhere on the premises.
6. The uses authorized by this Conditional Use Permit must be conducted in accordance with all applicable State and local laws, including, but not limited to compliance with the most current versions of the provisions of the California Code of Regulations that regulate the uses permitted hereby. Any violation thereof shall be a violation of the conditions of this permit and may be cause for revocation of this permit.
7. Except for operations allowed by this Conditional Use Permit and under an active Cannabis Business Permit and State Type 10 license, no permit holder or any of its employees shall sell, distribute, furnish, and/or otherwise provide any cannabis or cannabis product to any person, firm, corporation, group or any other entity, unless that person or entity is a lawful, bona fide customer, or it possesses all currently valid permits and/or licenses required by both the State of California and applicable local governmental entity to lawfully receive such cannabis and to engage in a "cannabis activity" as defined by Costa Mesa Municipal Code sec. 9-485. The permit holder shall verify that the recipient, regardless of where it is located, of any cannabis or cannabis product sold, distributed, furnished, and/or otherwise provided by or on behalf of the permit holder, possesses all required permits and/or licenses therefor.
8. The applicant, the property owner and the operator (collectively referred to as "indemnitors") shall each jointly and severally defend, indemnify, and hold harmless the City, its elected and appointed officials, agents, officers and employees from any claim, legal action, or proceeding (collectively referred to as "proceeding") brought against the City, its elected and appointed officials, agents, officers or employees arising out of City's approval of the project, including but not limited to any proceeding under the California Environmental Quality Act. The indemnification shall include, but not be limited to, damages, fees and/or costs awarded against the City, if any, and cost of suit, attorney's fees, and other costs, liabilities and expenses incurred in connection with such proceeding whether incurred by the applicant, the City and/or the parties initiating or bringing such proceeding. This indemnity provision shall include the indemnitors' joint and several obligation to indemnify the City for all the City's costs, fees, and damages that the City incurs in enforcing the indemnification provisions set forth in this section.
9. If any section, division, sentence, clause, phrase or portion of this approval is for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining provisions.
10. The use shall operate in accordance with the approved Security Plan. Any changes to the Security Plan must be submitted to the Planning Division with

a written explanation of the changes. If the Director determines that changes are substantial, a modification to the Cannabis Business Permit and/or amendment to the CUP may be required.

11. A parking and security management plan, including techniques described in Operational Condition of Approval No. 7, must be approved by the Director of Economic and Development Services or designee prior to any grand opening or other high-volume event on the subject property.
- Bldg. 12. Development shall comply with the requirements of the following adopted codes: 2022 California Residential Code, 2022 California Building Code, 2022 California Electrical Code, 2022 California Mechanical Code, 2022 California Plumbing Code, 2022 California Green Building Standards Code and 2022 California Energy Code (or the applicable adopted, California Residential Code, California Building Code, California Electrical Code, California Mechanical Code, California Plumbing Code, California Green Building Standards and California Energy Code at the time of plan submittal or permit issuance) and California Code of Regulations also known as the California Building Standards Code, as amended by the City of Costa Mesa. Requirements for accessibility to sites, facilities, buildings and elements by individuals with disability shall comply with chapter 11B of the 2022 California Building Code.
- CBP 13. The operator shall maintain a valid Cannabis Business Permit and a valid Business License at all times. The Cannabis Business Permit application number associated with this address is MQ-21-12. Upon issuance, the Cannabis Business Permit will be valid for a two-year period and must be renewed with the City prior to its expiration date, including the payment of permit renewal fees. No more than one Cannabis Business Permit may be issued to this property.
14. The use shall operate in accordance with the approved Business Plan. Any changes to the Business Plan must be submitted to the Planning Division with a written explanation of the changes. If the Director determines that changes are substantial, a modification to the Cannabis Business Permit and/or amendment to the CUP may be required.
15. A Cannabis Business Permit may be revoked upon a hearing by the Director of Economic and Development Services or designee pursuant to Section 9-120 of the CMMC for failing to comply with the terms of the permit, the applicable provisions of the CMMC, State law or regulation and/or any condition of any other permit issued pursuant to this code. Revocation of the Cannabis Business Permit shall trigger the City's proceedings to revoke the Conditional Use Permit and its amendments. The Conditional Use Permit granted herein shall not be construed to allow any subsequent owner/operator to continue operating under PA-21-28 until a valid new Cannabis Business Permit is received from the City of Costa Mesa.
16. A change in ownership affecting an interest of 51 or more percent, or an incremental change in ownership that will result in a change of 51 or more percent over a three year period, shall require submittal and approval of a



new Cannabis Business Permit. A change in ownership that affects an interest of less than 51 percent shall require approval of a minor modification to the Cannabis Business Permit.

- State 17. The business must obtain any and all licenses required by State law and/or regulation prior to engaging in any cannabis activity at the property.
- 18. The applicant shall obtain State License Type 10 prior to operating. The uses authorized by this Conditional Use Permit must be conducted in accordance with all applicable State and local laws, including, but not limited to compliance with the most current versions of the provisions of the California Code of Regulations that regulate the uses permitted hereby. Any violation thereof shall be a violation of the conditions of this permit and may be cause for revocation of this permit.
- 19. Suspension of a license issued by the State of California, or by any of its departments or divisions, shall immediately suspend the ability of a cannabis business to operate within the City, until the State of California, or its respective department or division, reinstates or reissues the State license. Should the State of California, or any of its departments or divisions, revoke or terminate the license of a cannabis business, such revocation or termination shall also revoke or terminate the ability of a cannabis business to operate within the City. This Conditional Use Permit will expire and be of no further force and effect if any State issued license remains suspended for a period exceeding six (6) months. Documentation of three violations during routine inspections or investigations of complaints shall result in the Community Improvement Division scheduling a hearing before the Director of Development Services to consider revocation of the Cannabis Business Permit.
- 20. Third parties are prohibited from providing delivery services for non-storefront retail.
- 21. Persons under the age of twenty-one (21) years shall not be allowed on the premises of this business, except as otherwise specifically provided for by state law and CMMC Section 9-495(h)(6). It shall be unlawful and a violation of this CUP for the owner/operator to employ any person who is not at least twenty-one (21) years of age.
- PD 22. Every manager, supervisor, employee or volunteer of the cannabis business must submit fingerprints and other information specified on the Cannabis Business Permit for a background check by the Costa Mesa Police Department to verify that person's criminal history. No employee or volunteer may commence paid or unpaid work for the business until the background checks have been approved. No cannabis business or owner thereof may employ any person who has been convicted of a felony within the past 7 years, unless that felony has been dismissed, withdrawn, expunged or set aside pursuant to Penal Code sections 1203.4, 1000 or 1385, or who is currently on probation or parole for the sale, distribution, possession or manufacture of a controlled substance.
- CID 23. Should any employee, volunteer or other person who possesses an identification badge be terminated or cease their employment with the

business, the applicant shall return such identification badge to the City of Costa Mesa Community Improvement Division within 24 hours, not including weekends and holidays.

24. The property owner and applicant shall use “Crime Prevention Through Environmental Design” techniques to reduce opportunities for crime, loitering and encampments on the property as deemed appropriate by the Community Improvement Manager and Director of Economic and Development Services.
- Finance 25. This business operator shall pay all sales, use, business and other applicable taxes, and all license, registration, and other fees and permits required under State and local law. This business operator shall cooperate with the City with respect to any reasonable request to audit the cannabis business’ books and records for the purpose of verifying compliance with the CMMC and this CUP, including but not limited to a verification of the amount of taxes required to be paid during any period.
26. The following records and recordkeeping shall be maintained/conducted:
  - a. The owner/operator of this cannabis business shall maintain accurate books and records, detailing all of the revenues and expenses of the business, and all of its assets and liabilities. On no less than an annual basis, or at any time upon reasonable request of the City, the owner/operator shall file a sworn statement detailing the number of sales by the cannabis business during the previous twelve month period (or shorter period based upon the timing of the request), provided on a per-month basis. The statement shall also include gross sales for each month, and all applicable taxes paid or due to be paid.
  - b. The owner/operator shall maintain a current register of the names and the contact information (including the name, address, and telephone number) of anyone owning or holding an interest in the cannabis business, and separately of all the officers, managers, employees, agents and volunteers currently employed or otherwise engaged by the cannabis business. The register required by this condition shall be provided to the City Manager upon a reasonable request.
  - c. The owner/operator shall maintain an inventory control and reporting system that accurately documents the present location, amounts, and descriptions of all cannabis and cannabis products for all stages of the retail sale process. Subject to any restrictions under the Health Insurance Portability and Accountability Act (HIPPA), the owner/operator shall allow City officials to have access to the business’s books, records, accounts, together with any other data or documents relevant to its permitted cannabis activities, for the purpose of conducting an audit or examination. Books, records, accounts, and any and all relevant data or documents will be produced no later than twenty-four (24) hours after receipt of the City’s request, unless otherwise stipulated by the City.
  - d. The owner/operator shall have in place a point-of-sale tracking system to track and report on all aspects of the cannabis business including,

but not limited to, such matters as cannabis tracking, inventory data, and gross sales (by weight and by sale). The owner/operator shall ensure that such information is compatible with the City's record-keeping systems. The system must have the capability to produce historical transactional data for review by the City Manager or designees.

- Insp.
27. The City Manager or designees may enter this business at any time during the hours of operation without notice, and inspect the location of this business as well as any recordings and records required to be maintained pursuant to Title 9, Chapter VI or under applicable provisions of State law. If the any areas are deemed by the City Manager or designee to be not accessible during an inspection, not providing such access is cause for the City to begin a cannabis business permit (CBP) and/or conditional use permit (CUP) and/or business license revocation process as prescribed by the applicable Municipal Code revocation procedures.
  28. Inspections of this cannabis business by the City will be conducted, at a minimum, on a quarterly basis. The applicant will pay for the inspections according to the adopted Fee Schedule.
  29. Quarterly Fire & Life Safety Inspections will be conducted by the Community Risk Reduction Division to verify compliance with the approved operation. The applicant will pay for the inspection according to the Additional Required Inspections as adopted in the Fee Schedule.
  30. Annual Fire & Life Safety Inspections will be conducted by the Fire Station Crew for emergency response pre-planning and site access familiarization. The applicant will pay for the inspection according to the adopted Fee Schedule.
  31. Pursuant to Title 9, Chapter VI, it is unlawful for any person having responsibility for the operation of a cannabis business, to impede, obstruct, interfere with, or otherwise not to allow, the City to conduct an inspection, review or copy records, recordings or other documents required to be maintained by a cannabis business under this chapter or under State or local law. It is also unlawful for a person to conceal, destroy, deface, damage, or falsify any records, recordings or other documents required to be maintained by a cannabis business under this chapter or under State or local law.
  32. Prior to the installation of any exterior mural at the subject property, the applicant shall provide draft mural plans to the City. Once directed by staff to proceed, the applicant would apply for a Mural Permit through the Totally Electronic Self Service Application (TESSA), to be considered by the Arts Commission. After the mural application is reviewed by the Arts Commission, and prior to installation, the Planning Commission shall have the opportunity to consider if the mural is consistent with local and State cannabis provisions, and the project conditions of approval. The Planning Commission review shall be agendized for a regular meeting of the Planning Commission but shall not require a noticed public hearing.

### **Prior to Issuance of Building Permits**

1. Plans shall be prepared, stamped and signed by a California licensed Architect or Engineer.
2. The conditions of approval and ordinance or code provisions of Planning Application 21-28 shall be blueprinted on the face of the site plan as part of the plan check submittal package.
3. Prior to the Building Division issuing a demolition permit, the applicant shall contact the South Coast Air Quality Management District (AQMD) located at:  
21865 Copley Dr.  
Diamond Bar, CA 91765-4178  
Tel: 909- 396-2000  
Or visit its website:  
<http://www.costamesaca.gov/modules/showdocument.aspx?documentid=23381>. The Building Division will not issue a demolition permit until an Identification Number is provided by AQMD.
4. Odor control devices and techniques shall be incorporated to ensure that odors from cannabis are not detected outside the property, anywhere on adjacent property or public right-of-way. Building and mechanical permits must be obtained from the Building Division prior to work commencing on any part of the odor control system.
5. Plan check submittal shall include:
  - A permanent bike rack that is publicly accessible.
  - A site plan with parking designed to Planning Division and Transportation Division specifications.
  - Landscape and irrigation plans, including at least two 24-inch box size trees, four 25-gallon trees, and three 15-gallon trees within the front setback, shrubs and living ground cover designed to Planning Division approval, with an emphasis on drought-tolerant plants and/or native California plants.
  - Odor control device specifications and locations.
  - A photometric study showing all proposed exterior lighting fixtures and specifications. Lighting levels on the property including the parking lot shall be adequate for safety and security purposes (generally, at least 1.0-foot candle), lighting design and layout shall minimize light spill at the property line and glare shields may be required to prevent light spill.
  - Improvements based on the Environmental Site Assessment.
6. No signage shall be installed until the owner/operator or its designated contractor has obtained permits required from the City. Business identification signage shall be limited to that needed for identification only. Business identification signage shall not include any references to

cannabis, whether in words or symbols. All signs shall comply with the CMMC.

7. Each entrance to a cannabis retail business shall be visibly posted with one clear and legible notice up to twelve (12) inches by eighteen (18) inches in size, indicating that smoking, ingesting, or otherwise consuming cannabis on the premises or in the areas adjacent to the cannabis business is prohibited. The word “cannabis” is allowed to be used up to two times on each of these specific notices. Letter height in the notice shall be limited to up to two (2) inches in size. All notice lettering shall be the same font and color.
8. The plans and business operator shall comply with the requirements of the applicable California Fire Code, including any referenced standards as amended by the City of Costa Mesa.
9. The Traffic Impact Fee as calculated by the Transportation Services Division shall be paid in full.
10. Construction documents shall include a temporary fencing and temporary security lighting exhibit to ensure the site is secured during construction and to discourage crime, vandalism, and illegal encampments.
11. Two (2) sets of detailed landscape and irrigation plans, which meet the requirements set forth in Costa Mesa Municipal Code Sections 13-101 through 13-108, shall be required as part of the project plan check review and approval process. Plans shall be forwarded to the Planning Division for final approval prior to issuance of building permits.

**Prior to Issuance of a Certificate of Use/Occupancy**

1. The operator, contractors, and subcontractors must have valid business licenses to do business in the City of Costa Mesa. Final occupancy and utility releases will not be granted until all such licenses have been obtained.

**Prior to Issuance of Cannabis Business Permit**

1. The applicant shall contact the Planning Division for a facility inspection and provide a matrix of conditions of approval explaining how each was met prior to issuance of a Cannabis Business Permit.
2. The applicant shall pay the Planning Commission public notice fee (\$1 per notice post card) and the newspaper ad publishing cost.
3. The final Security Plan shall be consistent with the approved building plans.
4. Each entrance to the business shall be visibly posted with a clear and legible notice stating the following:
  - a. That smoking, ingesting, or otherwise consuming cannabis on the premises or in the areas adjacent to the cannabis business is prohibited;
  - b. That no person under the age of twenty-one (21) years of age is permitted to enter upon the premises of the cannabis business unless

- the business holds a retail medical cannabis license (M-license) issued by the state;
- c. That loitering by persons outside the facility both on the premises and within fifty (50) feet of the premises is prohibited; and
  - d. The premise is a licensed cannabis operation approved by the City of Costa Mesa. The City may also issue a window/door sticker, which shall be visibly posted.
5. The owner/operator shall obtain and maintain at all times during the term of the permit comprehensive general liability insurance and comprehensive automotive liability insurance protecting the permittee in an amount of not less than two million dollars (\$2,000,000.00) per occurrence, combined single limit, including bodily injury and property damage and not less than two million dollars (\$2,000,000.00) aggregate for each personal injury liability, products-completed operations and each accident, issued by an insurance provider admitted and authorized to do business in California and shall be rated at least A-:viii in A.M. Best & Company's Insurance Guide. Such policies of insurance shall be endorsed to name the City of Costa Mesa as an additional insured. Proof of said insurance must be provided to the Planning Division before the business commences operations. Any changes to the insurance policy must be submitted to the Planning Division within 10 days of the date the change is effective.
  6. The applicant shall submit an executed Retail Cannabis Business Permit Defense and Indemnity Agreement on a form to be provided by the City.
  7. The applicant shall post signs within the parking lot directing the use of consideration such as no loud voices, loud music, revving car engines, etc. The language of the parking lot signs shall be reviewed and approved by the Planning Division prior to installation.

### **Operational Conditions**

1. No product deliveries to the facility shall occur after 10:00 PM and before 7:00 AM.
2. Onsite sales hours of operations are limited to 7:00 AM to 10:00 PM Monday through Sunday.
3. The applicant shall submit an updated delivery vehicle list each quarter with the quarterly update to the employee roster which is required pursuant to the CBP. The number of delivery vehicles parked onsite shall not exceed the number of available onsite surplus parking spaces. Delivery vehicles shall not be parked on City streets.
4. At least one security guard will be onsite during business operation, unless directed by the Chief of Police or designee to maintain a security guard twenty-four (24) hours per day.
5. The operator shall maintain free of litter all areas of the property under which applicant has control.
6. The use shall be conducted, at all times, in a manner that will allow the quiet and safe enjoyment of the surrounding neighborhood. The operator shall

- institute appropriate security and operational measures as necessary to comply with this requirement.
7. If parking shortages or other parking-related problems develop, the business owner or operator will be required to institute appropriate operational measures necessary to minimize or eliminate the problem in a manner deemed appropriate by the Director of Economic and Development Services or designee. Temporary or permanent parking management strategies include, but are not limited to, reducing operating hours of the business, hiring an additional employee trained in traffic control to monitor parking lot use and assist with customer parking lot circulation, and offering discounts for online and phone orders.
  8. While working, employees shall not park on residential streets unless doing so temporarily to make a cannabis delivery.
  9. All employees must wear an identification badge while on the premises of the business, in a format prescribed by the City Manager or designee. When on the premises, badges must be clearly visible and worn on outermost clothing and above the waist in a visible location.
  10. The operator shall ensure that all vehicles are properly maintained, all delivery drivers have a good driving record, and each driver conducts a visual inspection of the vehicle at the beginning of each shift.
  11. The operator shall ensure that deliveries are grouped to minimize total vehicle trips.
  12. During each delivery stop, the delivery vehicle shall be parked in a safe manner (i.e., not impeding traffic circulation), the engine shall be turned off and the vehicle shall be locked.
  13. On-site delivery/vendor vehicle loading and unloading shall only take place within direct unobstructed view of surveillance cameras, located in close proximity to the vendor entry door, as shown on an exhibit approved by the Director of Economic and Development Services or designee. No loading and unloading of cannabis products into or from the vehicles shall take place outside of camera view. The security guard shall monitor all on-site loading and unloading of vehicles. Video surveillance cameras shall be installed on the exterior of the building with direct views of the vendor entry door and the entire parking lot. Any modifications or additional vehicle loading and unloading areas shall be submitted to the Director of Economic and Development Services or designee for approval.
  14. Delivery/vendor vehicle standing, loading and unloading shall be conducted so as not to interfere with normal use of streets, sidewalks, driveways and on-site parking.
  15. The sale, dispensing, or consumption of alcoholic beverages on or about the premises is prohibited.
  16. No outdoor storage or display of cannabis or cannabis products is permitted at any time.
  17. Cannabis shall not be consumed on the property at any time, in any form.
  18. The owner/operator shall prohibit loitering on and within fifty (50) feet of the property.

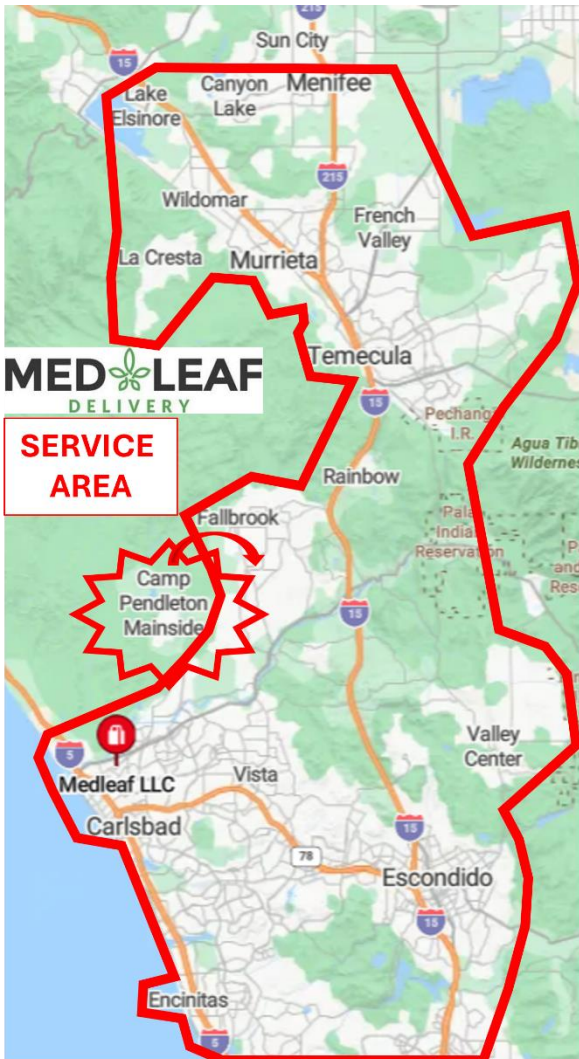
19. No cannabis or cannabis products, or graphics depicting cannabis or cannabis products, shall be visible from the exterior of the property, or on any of the vehicles owned or used as part of the cannabis business.
20. The owner or operator shall maintain air quality/odor control devices by replacing filters on a regular basis, as specified in the manufacturer specifications.
21. If cannabis odor is detected outside the building, the business owner or operator shall institute corrective measures necessary to minimize or eliminate the problem in a manner deemed appropriate by the Director of Economic and Development Services.
22. Cannabis liquid or solid waste must be made unusable and unrecognizable prior to leaving a secured storage area and shall be disposed of at facility approved to receive such waste. No cannabis products shall be disposed in the exterior trash enclosure. If any damaged or expired cannabis products must be disposed, the owner or operator shall return the damaged or expired cannabis products to the original licensed distributor or vendor and follow all applicable State and City regulations.
23. Each transaction involving the exchange of cannabis goods between the business and consumer shall include the following information: (1) Date and time of transaction; (2) Name and employee number/identification of the employee who processed the sale; (3) List of all cannabis goods purchased including quantity; and (4) Total transaction amount paid.
24. All cannabis products shall be secured in a locked container during transportation between the facility and delivery and vendor vehicles. Prior to a vendor's arrival, vendors are required to give notice to facility personnel. Upon arrival, authorized facility personnel shall escort the vendor to the facility.



**TO:** Costa Mesa Planning Commission and Staff  
**FROM:** MEDLEAF Team  
**SUBJ:** 2285 Newport Blvd – PA – 21-28

We are revising our Applicant Letter as part of our Commercial Cannabis Storefront Conditional Use Permit Application for retail storefront and home delivery service, on parcel 419-101-12. The parcel’s zoning is C2 and the General Plan is Commercial. The proposed location is outside any sensitive use buffers.

**MEDLEAF Team:** Lead by a Wife and Husband, surrounded by an experienced cannabis operations team lead by a Veteran. MedLeaf has built one of the most successful single unit Home Delivery operations in the State.



### MEDLEAF Oceanside Success Story:

Medleaf has historically and successfully operated a cannabis home delivery service in the City of Oceanside, despite the challenging market and home delivery logistic challenges.

Medleaf has carved a real niche in the North San Diego County Market.

At the November 11, 2023, the City Council minutes reflect:

“The City’s current Type 9 (Medleaf is the only Type 9) Non-Storefront Retailer, will be given the opportunity to upgrade into a 3<sup>rd</sup> Type 10 License ...”

The Team is proud of this accomplishment that demonstrates their business efforts have been recognized and rewarded.

**Outreach Effort:** The Team cares about the neighborhood. We are mailing an invite to an evening event to meet the Team to a 500 foot radius. We will also conduct a door to door effort to personally invite neighbors.

**Parking:** Most Cannabis Retail Applications have had challenges with parking. Medleaf’s application at 2285 Newport Blvd has an abundance of parking.

- Required Parking Spaces – Dispensary : 10 Spaces
- Spaces available before 5 pm – 25 spaces (incl 2 Handicap)
- Spaces available after 5 pm - 38 spaces

Staff parking will be off Fairview and enter from Rear. Deliveries from Rear.

# MEDLEAF

**Displacement:** Displacement is not an issue for this project.

- The existing Car Wash will be improved and remain.
- The Auto Tinting moved out over a year ago. The issue is that because cannabis applied for a CUP, the property owner has not been able to re-tenant in the interim during the entitlement process.
- The Smog business is property owner operated.

**Significant improvements to modernize a property in a high visibility retail commercial corridor:**

The current property is in need of an elegant upgrade and introduction of a modern retail store, improving the view window of the commercial corridor. Improvements for the introduction of a Cannabis Retail Store:

- Entire building to be painted, for uniform look and feel
- Eliminating automotive mechanic space, removing inoperative cars stored
- Introduction of modern, drought tolerant landscape improves a high visibility property
- Adding a Bike Rack
- Removing Industrial Roll Up Doors
- Utilize long blank wall as a canvas for community art

**SEE BEFORE AND AFTER PHOTO AND RENDERING BELOW**

**Additional Information we can discuss at the Public Hearing:**

- Security Plans
- Operation Plans
- Odor Mitigation
- Home Delivery Best Practices
- Site Plan
- Floor Plan
- Supply Chain Partners

**CONCLUSION:**

MedLeaf is extremely excited about the opportunity to serve the Costa Mesa market. Our humble, family-owned and operated business has enjoyed success through our dedication and commitment to our patients and customers. We are confident that our site improvements will immediately elevate the surrounding neighborhood and commercial corridor and that our presence and operations will bring improvements to an often-overlooked segment of Newport Boulevard. We thank the city and its residents for this opportunity and look forward to a long-term relationship that allows us to significantly contribute to the Costa Mesa community.

Sincerely, George Hannawi

  
George Hannawi (Jun 14, 2024 09:13 PDT)

# MEDLEAF

BEFORE





# MEDLEAF

## EXTERIOR 1:





# MEDLEAF

## INTERIOR 2:

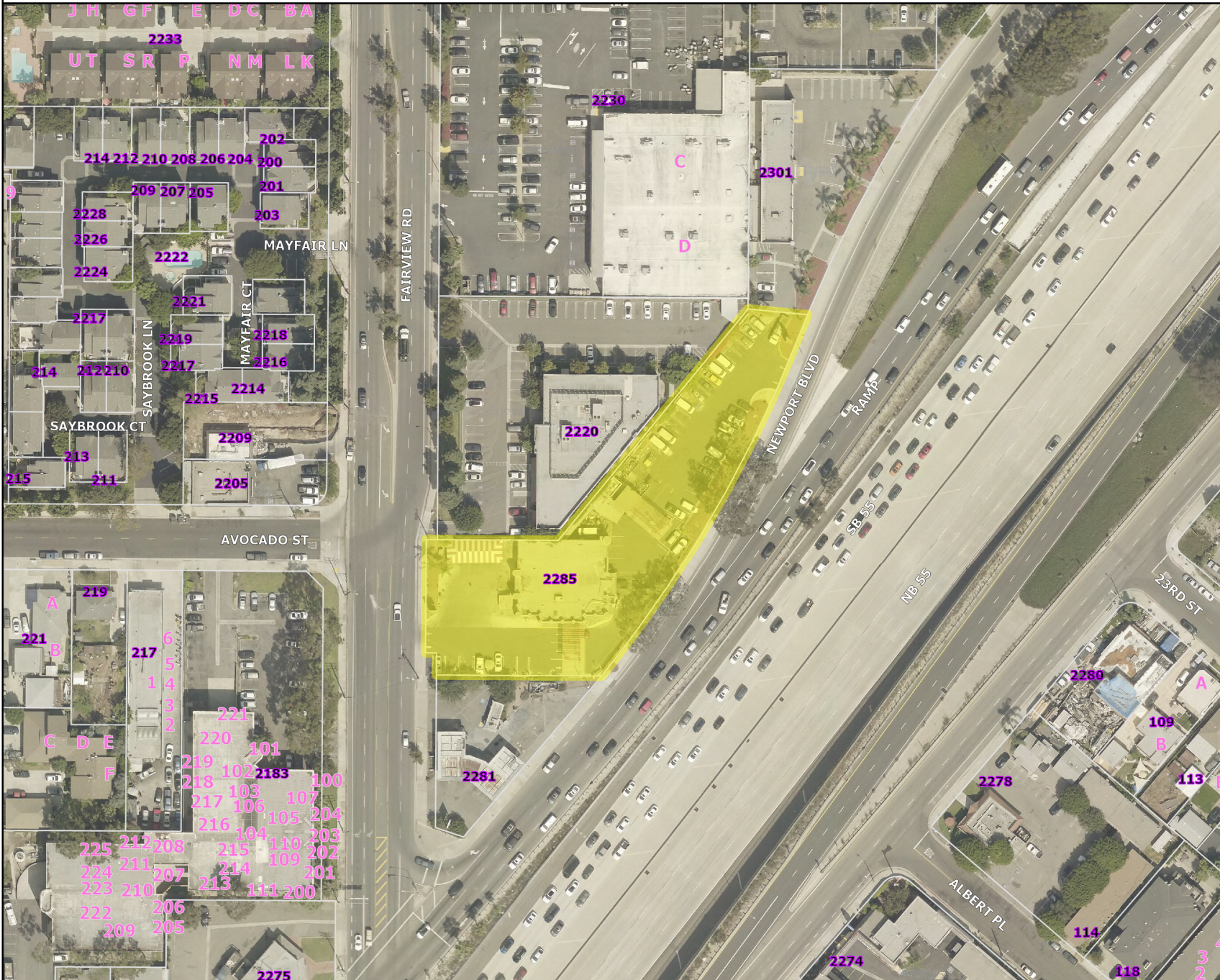


# MEDLEAF

## INTERIOR:







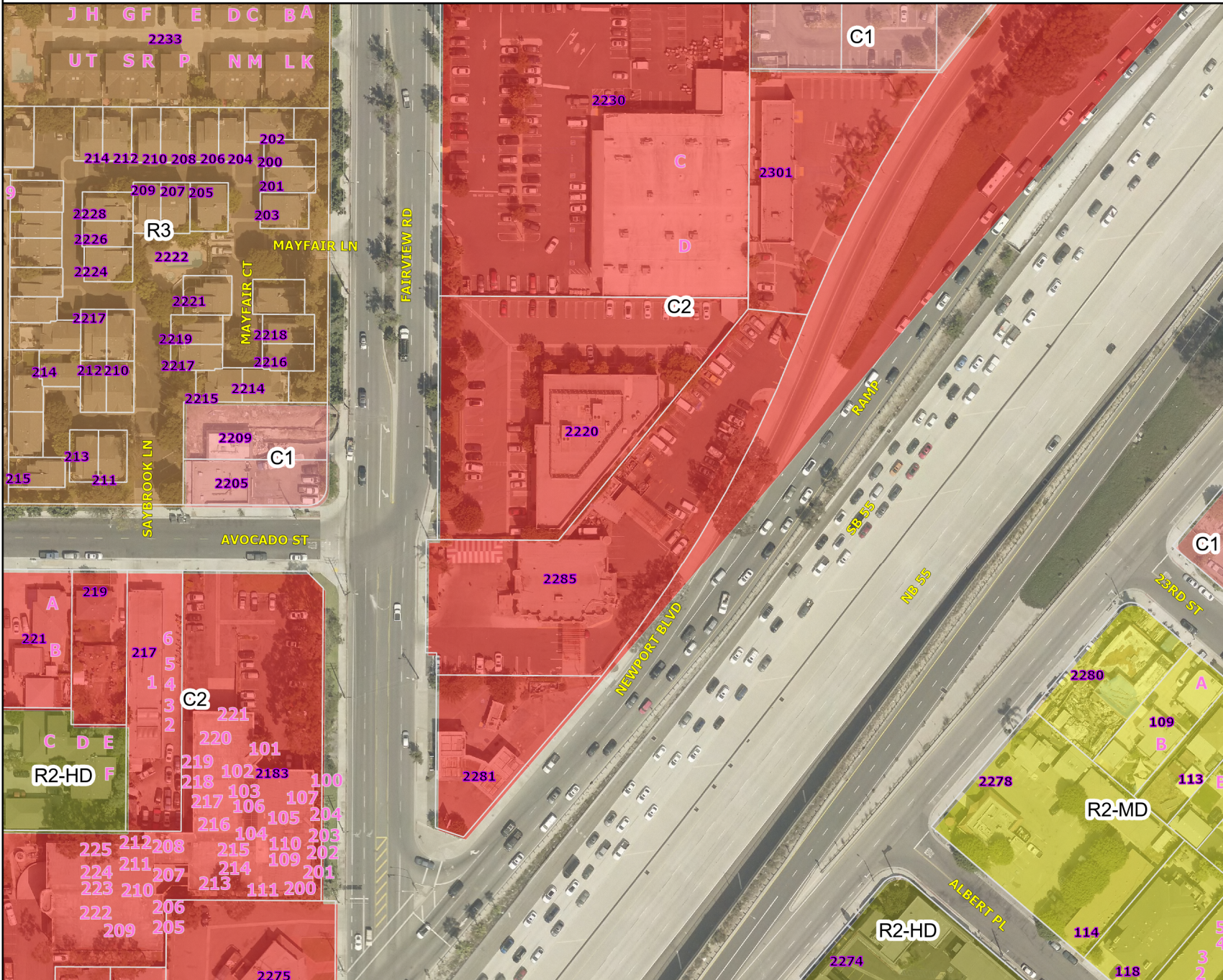
- 2285 Newport Blvd
- Parcels



Map Created on 7/1/2024 by Costa Mesa Information Technology. Data Source: Esri, City of Costa Mesa. Scale 1 : 1,500  
 Disclaimer: The City of Costa Mesa makes no guarantee as to the accuracy of any of the information provided and assumes no liability for any errors, omissions, or inaccuracies.







- AP - Administrative Professional
- IR-MLT - Institutional Recreational Multi-Use
- R1 - Single-Family Residential
- R2-MD - Multiple-Family Residential, Medium Density
- R2-HD - Multiple-Family Residential, High Density
- R3 - Multiple Family Residential
- MG - General Industrial
- MP - Industrial Park
- PDI - Planned Development Industrial
- C1 - Local Business
- C2 - General Business
- C1-S - Shopping Center
- TC - Town Center
- PDR-NCM - Planned Development Residential - North Costa Mesa
- I&R - Institutional Recreational
- I&R-S - Institutional Recreational - School
- P - Parking
- CL - Commercial Limited
- PDC - Planned Development Commercial
- PDR-LD - Planned Development Residential - Low Density
- PDR-MD - Planned Development Residential - Medium Density
- PDR-HD - Planned Development Residential - High Density





**SITE PHOTOS 2285 NEWPORT BOULEVARD**



View of the existing car wash and auto-oriented uses facing Newport Boulevard.



View of the existing facility from the side of the property facing Fairview Road.

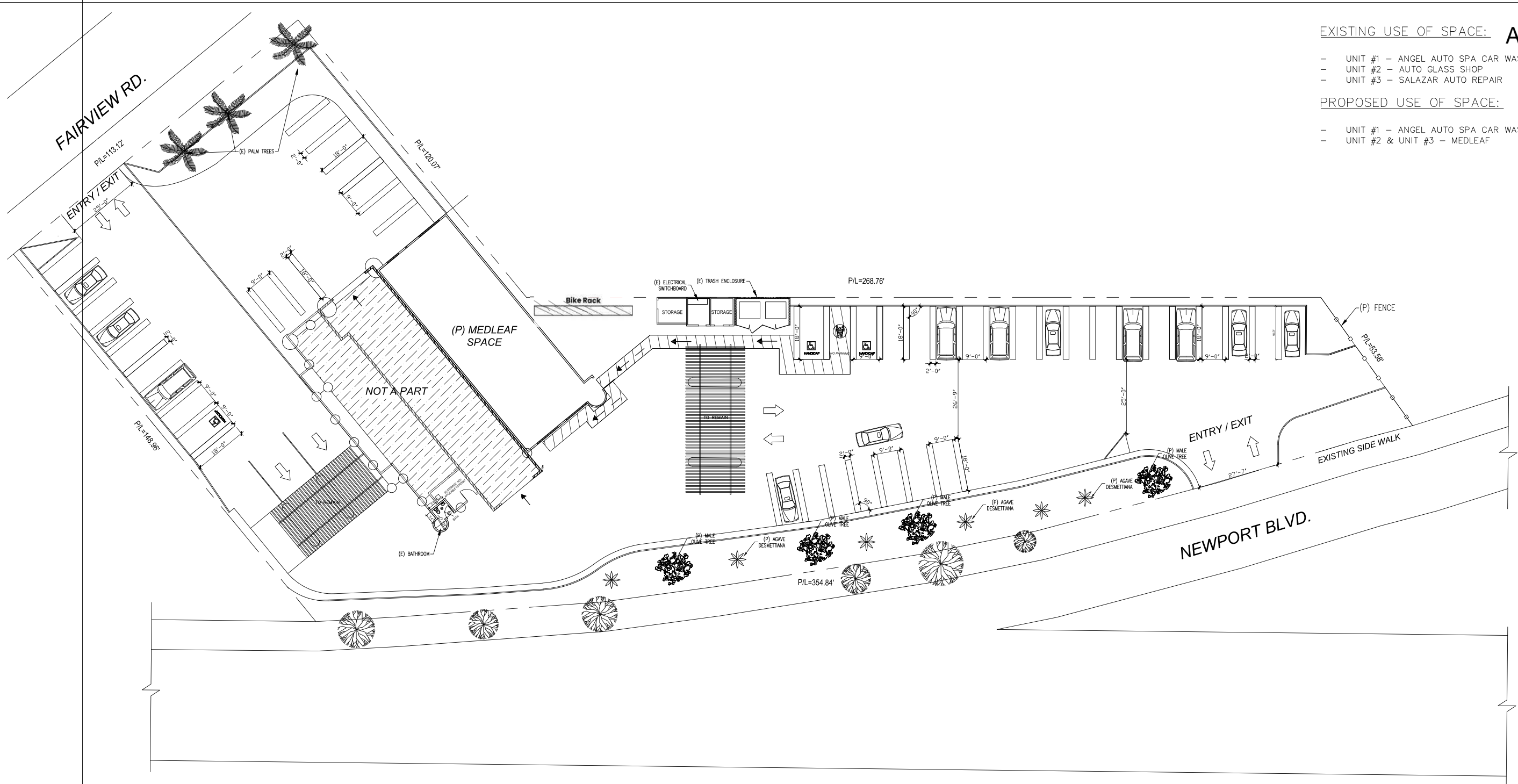
REVISIONS	
DATE	DESCRIPTION

EXISTING USE OF SPACE: **ATTACHMENT 6**

- UNIT #1 - ANGEL AUTO SPA CAR WASH
- UNIT #2 - AUTO GLASS SHOP
- UNIT #3 - SALAZAR AUTO REPAIR

PROPOSED USE OF SPACE:

- UNIT #1 - ANGEL AUTO SPA CAR WASH
- UNIT #2 & UNIT #3 - MEDLEAF



SCALE: 1/16"

**PROJECT ADDRESS:**  
2285 NEWPORT BLVD., COSTA MESA, CA 92627

**SQUARE FOOTAGE:**

(E) LOT	45738 SQ.FT.
(E) BUILDING	6400 SQ.FT.
(E) CARWASH SPACE- NOT A PART	4000 SQ.FT.
(P) SCOPE OF WORK SPACE	2400 SQ.FT.

**SCOPE OF WORK:**

- TENANT IMPROVEMENT OF EXISTING 2400 SQFT SPACE TO BE CONVERTED INTO MEDLEAF STORE FRONT
- SITE WORK THROUGHOUT

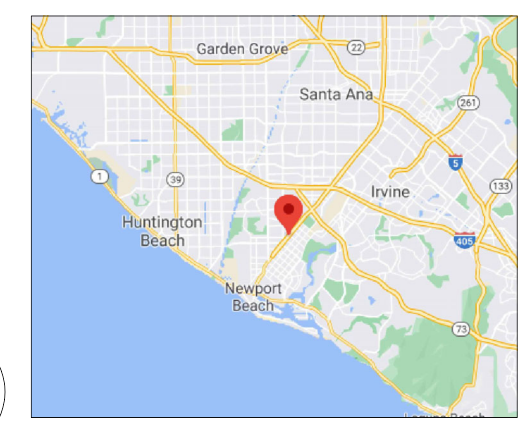
**LEGAL INFORMATION:**  
APN: 419-101-12  
GENERAL PLAN USE: COMMERCIAL  
STORIES: 1  
NO. OF BUILDINGS: 2  
YEAR BUILT: 1966  
LOT SIZE: 1.05 AC  
ZONING: C2  
LEGAL DESCRIPTION: N TR 156 BLK LOT 6  
TOTAL NO. OF PARKING SPACES: 38

LANDSCAPE/HARSCAPE AREA = 5500 SQ.FT. - 12%

**APPLICABLE CODE:**  
2019 CALIFORNIA BUILDING CODE  
2019 CALIFORNIA RESIDENTIAL CODE  
2019 CALIFORNIA MECHANICAL CODE  
2019 CALIFORNIA PLUMBING CODE  
2019 CALIFORNIA ELECTRICAL CODE  
2019 ENERGY EFFICIENCY STANDARDS

**PARKING SUMMARY:**  
(E) CARWASH: 15 REGULAR SPACE; 1 HANDICAP  
(P) DISPENSARY: 23 REGULAR SPACES; 2 HANDICAP  
**+1 Parking Space for Bike Rack**  
TOTAL SITE PARKING SPACES REQUIRED = 26 REGULAR SPACES 2 HANDICAP  
TOTAL SITE PARKING SPACES PROVIDED = 38 REGULAR SPACES 3 HANDICAP

**NOTE:**  
- PARKING WILL NOT BE SHARED  
- EMPLOYEES WILL PARK ON SITE



VICINITY MAP:

2285 NEWPORT BLVD, COSTA MESA, CA 92627

**PONTEX ENGINEERING**  
402 Enclave Cir., Costa Mesa CA 92626 / Phone Number: (714)-732-8256

**PONTEX ENGINEERING**  
CONSULTING - ARCHITECTURE - ENGINEERING

CONSULTANT

**DRAWING TITLE:**  
PROPOSED SITE PLAN  
GENERAL NOTES /  
PROJECT DATA

DATE:  
JOB NUMBER:  
SHEET

**A-1**



EXIT NOTES

1. EXIT SIGNS SHALL BE INTERNALLY ILLUMINATED OR EXTERNALLY LUMINATED.
2. EXIT SIGNS ILLUMINATED BY AN EXTERNAL SOURCE SHALL HAVE AN INTENSITY OF NOT LESS THAN 5 FOOT CANDLES (54 LUX)
3. INTERNALLY ILLUMINATED SIGNS SHALL BE LISTED & LABELED AND SHALL BE INSTALLED IN ACCORDANCE WITH THE MANUFACTURERS INTRUCTION AND SECTION 2702.
4. EXIT SIGNS SHALL BE ILLUMINATED AT ALL TIMES (1013.3)
5. EXIT SIGNS SHALL BE CONNECTED TO AN EMERGENCY POWER SYSTEM THAT WILL PROVIDE AND ILLUMINATION OF NOT LESS THAN 90 MIN. IN CASE OF POWER LOSS (1013.6.3.
6. EGRESS DOORS SHALL BE READILY OPENABLE FROM THE EGRESS SIDE WITHOUT THE USE OF A KEY OR SPECIAL KNOWLEDGE OR EFFORT. SEE 1010.9.3 FOR EXCEPTIONS.
7. DOOR HANDLES LOCK AND OTHER OPERATING DEVICES SHALL BE INSTALLED AT A MINIMUM 34" AND A MAX 44" ABOVE FINISHED FLOOR.
8. THIS DOOR TO REMAIN UNLOCKED WHEN BUILDING IS OCCUPIED.
9. ALL EGRESS DOOR OPERATION SHALL COMPLY WITH SECTION 1010.1.9-1010.1.9.12
10. THE MEANS OF EGRESS INCLUDING THE EXIT DISCHARGE, SHALL BE ILLUMINATED AT ALL TIMES THE BUILDING SPACE SERVED BY THE MEANS OF EGRESS IS OCCUPIED.
11. MEANS OF EGRESS ILLUMINATION LEVEL SHALL NOT BE LESS THAN 1 FOOT CANDLE AT THE WALKING SURFACE.
12. THE POWER SUPPLY FOR MEANS FO EGRESS ILLUMINATION SHALL NORMALLY BE PROVIDED BY THE PREMISES ELECTRICAL SUPPLY. IN THE EVENT OF POWER SUPPLY FAILURE. AN EMERGENCY ELECTRICAL SYSTEM SHALL AUTOMATICALLY ILLUMINATE THE FOLLOWING AREAS.
  - a. AISLES AND UNENCLOSED EGRESS STAIRWAYS IN ROOMS AND SPACES THAT REQUIRE TWO OR MORE MEANS OF EGRESS.
  - b. CORRIDORS, EXIT ENCLOSURES AND EXIT PASSAGEWAYS IN BUILDINGS REQUIRED TO HAVE TWO OR MORE EXITS.
  - c. EXTERIOR EGRESS COMPONENTS AT OTHER THAN LEVEL OF EXIT DISCHARGE UNTIL EXIT DICHARGE IS ACCOMPLISHED FOR BUILDING REQUIRED TO HAVE TWO OR MORE EXITS.
  - d. INTERIOR EXIT DISCHARGE ELEMENTS, AS PERMITTED IN SECTION 1028.1 IN BUILDING REQUIRED TO HAVE TWO OR MORE EXITS.
  - e. EXTERIOR LANDINGS, AS REQUIRED BY SECTION 1010.1.6 FOR EXIT DISCHARGE DOORWAYS IN BUILDINGS REQUIRED TO HAVE TWO OR MORE EXITS.
13. THE EMERGENCY POWER SYSTEM SHALL PROVIDE POWER FOR A DURATION OF NOT LESS THAN 90 MINUTES AND SHALL CONSIST OF STORAGE BATTERIES, UNIT EQUIPMENT OR AN ON-SITE GENERATOR. THE INSTALLATION OF THE EMERGENCY POWER SYSTEM SHALL BE IN ACCORDANCE WITH SECTION 2702.
14. EMERGENCY LIGHTING FACILITIES SHALL BE ARRANGED TO PROVIDE INITIAL ILLUMINATION THAT IS AT LEAST AN AVERAGE OF 1 FOOT-CANDLE (11 LUX) AND A MINIMUM AT ANY POINT OF 0.1 FOOT - CANDLE (1 LUX) MEASURED ALONG THE PATH OF EGRESS AT FLOOR LEVEL. ILLUMINATION LEVELS SHALL BE PERMITTED TO DECLINE TO 0.6 FOOT-CANDLE (6 LUX) AVERAGE AND A MINIMUM AT ANY POINT OF 0.06 FOOT-CANDLE (0.6 LUX) AT THE END OF THE EMERGENCY LIGHTING TIME DURATION. A MAXIMUM TO MINUMUM ILLUMINATION UNIFORMITY RATIO OF 40 TO 1 SHALL NOT BE EXCEEDED.
15. EVERY SPACE INTENDED FOR HUMAN OCCUPANCY SHALL BE PROVIDED WITH NATURAL LIGHT BY MEANS OF EXTERIOR GLAED OPENINGS IN ACCORDANCE WITH SECTION 1205.2 OR SHALL BE PROVIDED WITH ARTIFICIAL LIGHT HHAT IS ADEQUATE TO PROVIDE AN AVERAGE ILLUMINATION OF 10 FOOT CANDLES OVER THE AREA OF THE ROOM AT A HEIGHT OF 30 INCHES ABOVE THE FLOOR LEVEL (1205.1 AND 1205.3).
16. THE MEANS OF EGRESS STSTEM SHALL MAINTAIN A CLEAR CEILING HEIGHT OF 6'8" MINIMUM.

KEYNOTES

- 1 FIRE EXTINGUISHERS: PROVIDE FIRE EXTINGUISHER (MIN. 2A-10BC) WITH RECESSED OR SEMI RECESSED CABINET WITHIN 75 FEET TRAVEL DISTANCE OF ALL POINTS IN THE OCCUPANCY; EXTINGUISHER SHALL BE MOUNTED ON A HOOK WITHIN THE CABINET (ELEVATED OFF CABINET FLOOR) PLACED IN EASILY ACCESSIBLE LOCATIONS AT A MAXIMUM OF 48" FROM THE TOP OF THE CABINET TO THE FINISHED FLOOR.
- 2 EMERGENCY LIGHTING: EMERGENCY LIGHTING SHALL COMPLY WITH THE PROVISIONS OF 2013 CBC 1006. THE MEANS OF EGRESS ILLUMINATION SHALL NOT BE LESS THAN ONE (1) FOOTCANDLE OF LIGHTING AT THE WALKING SURFACE LEVEL. IN THE EVENT OF POWER SUPPLY FAILURE, AN EMERGENCY ELECTRICAL SYSTEM SHALL AUTOMATICALLY ILLUMINATE ALL AREAS PER CODE.
- 3 EXIT SIGNS: EXIT SIGNS SHALL BE READILY VISIBLE FROM ANY DIRECTION OF EGRESS TRAVEL. EXIT SIGNS SHALL COMPLY WITH PROVISIONS OF THE 2013 CBC 1011 AND BE ILLUMINATED AT ALL TIMES.
- 4 DOOR OPERATIONS: ALL REQUIRED EXITS ARE TO BE OPENABLE FROM THE INSIDE WITHOUT KEY, SPECIAL KNOWLEDGE OR EFFORT. THE UNLATCHING OF ANY EXIT DOOR SHALL NOT REQUIRE MORE THAN ONE OPERATION.

WALL TYPES

- ◊ EXTERIOR WALL  
STUCCO FINISH TO MATCH EXISTING  
PROVIDE R-13 INSULATION
- ◊ NON-RATED INTERIOR NON-STRUCTURAL WALL  
PROVIDE R-13 SOUND INSULATION  
5/8" GYPSUM BOARD INSIDE, PLY. SHEATHING

LEGEND

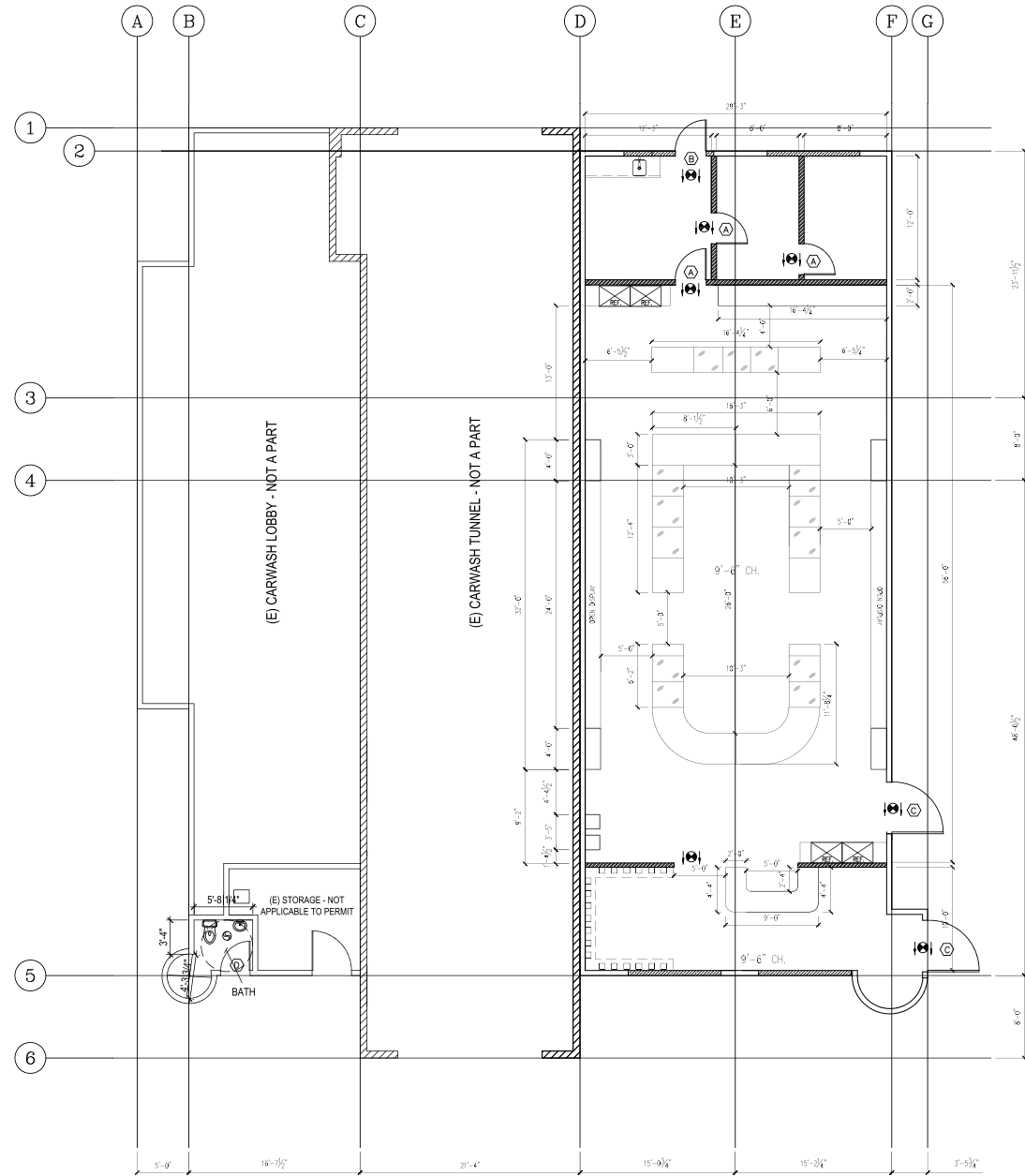
- (E) NON BEARING WALLS TO BE DEMOLISHED
- (E) WALLS TO REMAIN
- (N) 2x4 EXTERIOR WALL: 2x4 P.T. SILL PLATE, 2x4 STUDS @ 16" O.C., & 2x4 DOUBLE TOP PLATES
- (N) 2x4 INTERIOR WALL: 2x4 SILL PLATE, 2x4 STUDS @ 16" O.C., & 2x4 DOUBLE TOP PLATES
- FAN EXHAUST - MINIMUM 50 CFM EXHAUSTING "ENERGY STAR" COMPLIANT CONTROLLED BY HUMIDSTAT
- ILLUMINATED EXIT SIGN CEILING MOUNTED, SHADING INDICATES DIRECTION AND NUMBER OF FACES, ARROWS AS REQUIRED.

NEW DOOR SCHEDULE

#	WIDTH	HEIGHT	TYPE
(A)	3'-0"	7'-0"	HINGED; INTERIOR; METAL
(B)	3'-0"	7'-0"	HINGED; EXTERIOR; METAL
(C)	5'-0"	7'-0"	HINGED; EXTERIOR; METAL
(D)	3'-0"	7'-0"	HINGED; EXTERIOR

OCCUPANT LOAD

RENTAL OFFICE			
NO.	ROOM	SQUARE FOOTAGE	OCCUPANT LOAD (100 SF PER PERSON)
101	STORE	1735 SF	
102	LOBBY	326 SF	
103	OFFICE	96 SF	
104	BREAK ROOM	147 SF	
104	STORAGE	96 SF	
	TOTAL	2400 SF	24 OCCUPANTS

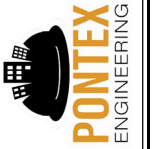


PROPOSED STORE FRONT FLOOR PLAN:  
SCALE: 1/8"=1'-0"

REVISIONS	
DATE	DESCRIPTION

2285 NEWPORT BLVD, COSTA MESA, CA 92627

**PONTEX ENGINEERING**  
CONSULTING - ARCHITECTURE - ENGINEERING  
402 Enclave Cir., Costa Mesa CA 92626 / Phone Number: (714)-732-8256



CONSULTANT

DRAWING TITLE:

PROPOSED FLOOR PLAN

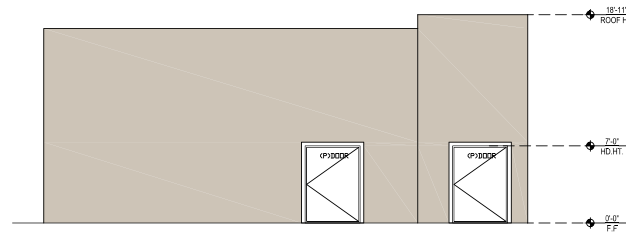
DATE:  
JOB NUMBER:

SHEET

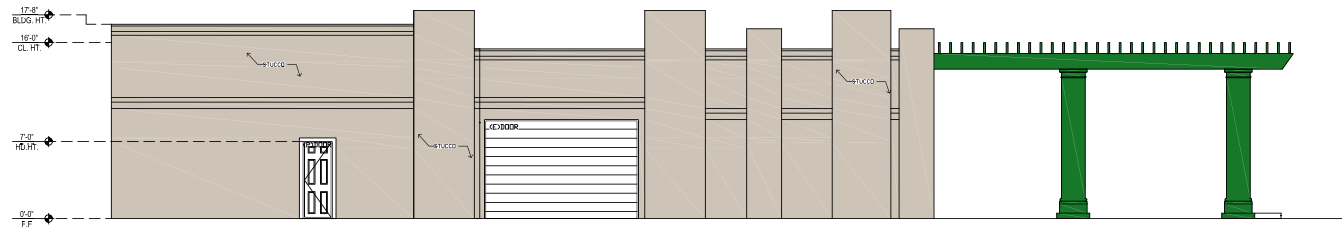
A-4

PAIN T SELECTION

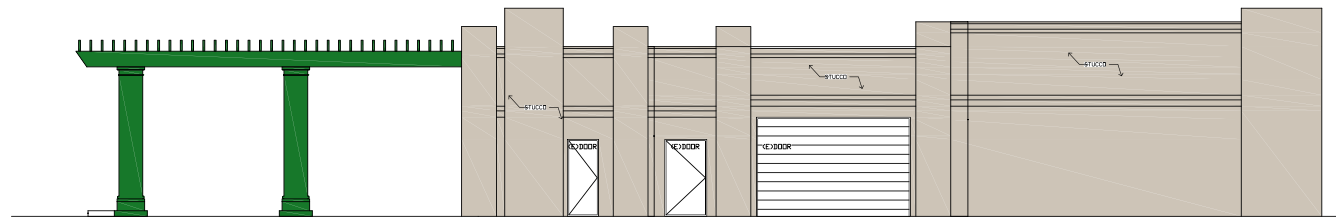
BUILDING: R:205 G: 196 B:183  
 PERGOLA: R:23 G:120 B:42



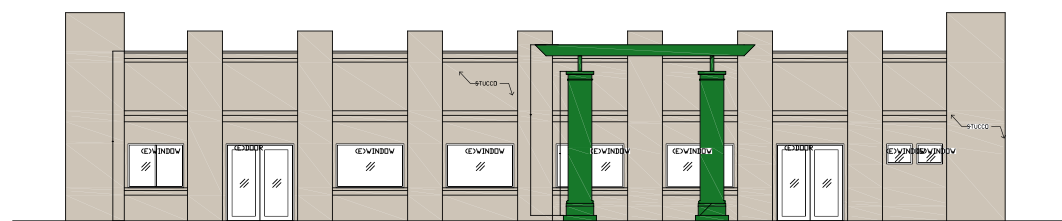
PROPOSED NORTH ELEVATION:  
 SCALE: 1/8"=1'-0"



PROPOSED WEST ELEVATION:  
 SCALE: 1/8"=1'-0"



PROPOSED EAST ELEVATION:  
 SCALE: 1/8"=1'-0"



PROPOSED SOUTH ELEVATION:  
 SCALE: 1/8"=1'-0"

REVISIONS	
DATE	DESCRIPTION

2285 NEWPORT BLVD, COSTA MESA, CA 92627

**PONTEX ENGINEERING**  
 402 Enclave Cir., Costa Mesa CA 92626 / Phone Number: (714)-732-8256

**PONTEX ENGINEERING**  
 CONSULTING - ARCHITECTURE - ENGINEERING

CONSULTANT

DRAWING TITLE:  
 PROPOSED COLORED  
 ELEVATIONS

DATE:  
 JOB NUMBER:

SHEET  
**A-5**

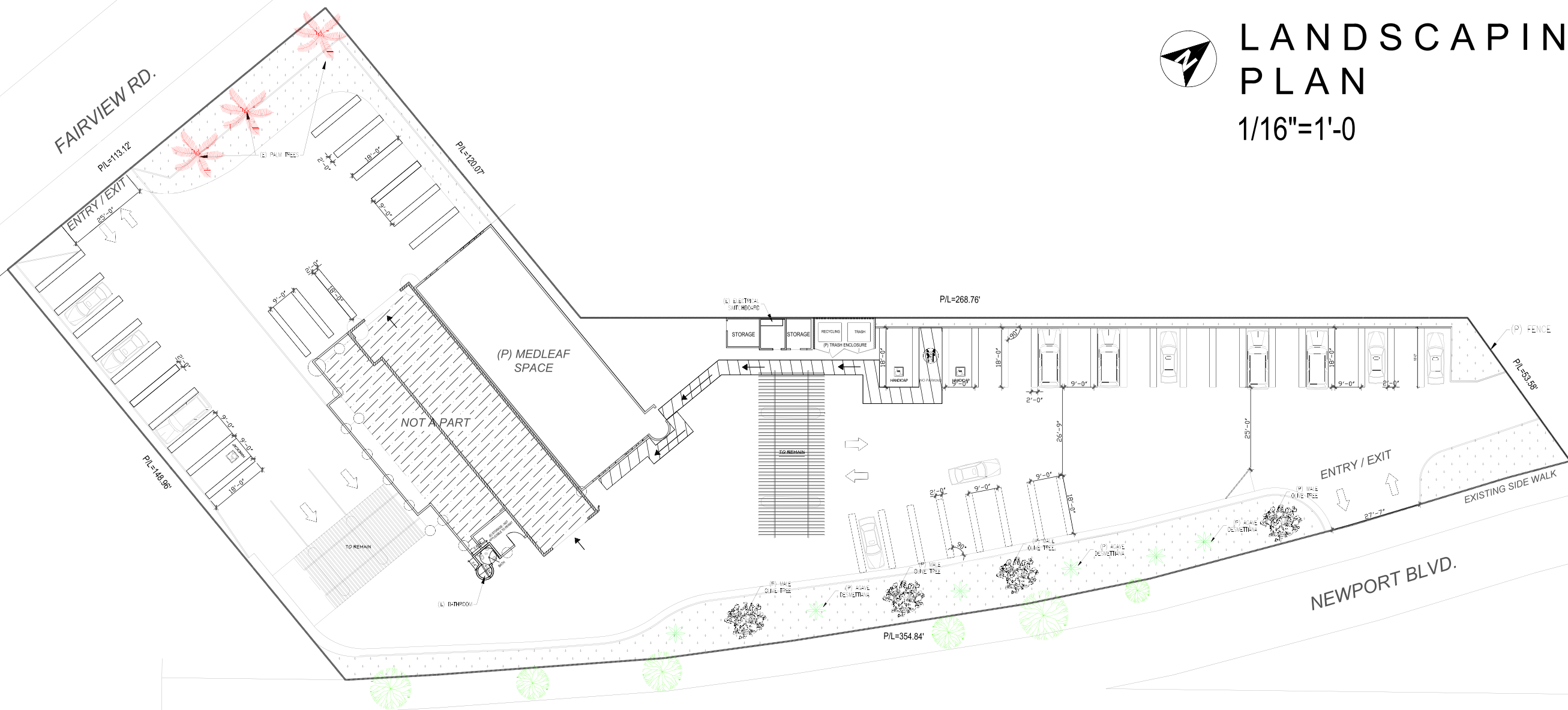




# LANDSCAPING PLAN

1/16"=1'-0

REVISIONS	
DATE	DESCRIPTION



## LEGEND

SPECIES	03	06	04	
	EXISTING PALM TREE	AGAVE DESMETTIANA	MALE OLIVE TREE	GRASS
PLANTING CONTAINER SIZE		1	25	
		GALLON	GALLONS	

2285 NEWPORT BLVD, COSTA MESA, CA 92627

**PONTEX ENGINEERING**  
 402 Enclave Cir., Costa Mesa CA 92626 / Phone Number: (714)-732-8256  
**PONTEX CONSULTING - ARCHITECTURE - ENGINEERING**

CONSULTANT

DRAWING TITLE:  
LANDSCAPE PLAN

DATE:  
JOB NUMBER:

SHEET  
**A-6**

**PARTIDA, ANNA**

---

**From:** Julia Edwards <julia\_macmillan@yahoo.com>  
**Sent:** Wednesday, July 17, 2024 9:39 PM  
**To:** PC Public Comments  
**Subject:** Med Leaf  
**Attachments:** Assitance Leage - MELEAF Letter - Planning Commission July 10 2024.docx

Please see the attached letter in support of Med Leaf.

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe. Report any suspicious activities to the Information Technology Department.

Sent from my iPhone



July 10, 2024

Planning Commission Public Hearing – Monday July 22, 2024

Cannabis Store at 2285 Newport Blvd - MEDLEAF

Dear Costa Mesa Planning Commissioners,

The Assistance League is focused on Transforming Lives and Strengthening Community, for 80 years, a period longer than the City's incorporation.

We were approached by members of the MEDLEAF Cannabis Retail Store to provide us the opportunity to learn more about their project and discuss ways we can work together.

We appreciate the effort as we share a common fence and will share some of the local issues.

After we spoke to the MEDLEAF team, we had some internal discussions with Staff and Volunteers. We considered issues we face like a transient population, loitering and security for our Staff and Volunteers. We recognize that the cannabis store Nectar has been open for a while and has not created any issues. In fact, we see these uses in proximity to our Store a benefit for circulation, proper security lighting and that the cannabis store's security guards can work closely together with other businesses to work on some of these neighborhood concerns.

Assistance League does not oppose the cannabis retail store next door and we look forward to working with MEDLEAF as they get open.

Please visit our Thrift Shop, open Wednesday to Saturday, 10 am to 3 pm.

We welcome your donations and have plenty of volunteer opportunities.

Thank you for considering our letter.

Julia Edwards

President