| From: | liliana carteno |
|----------|-------------------------------------|
| To: | CITY CLERK |
| Subject: | Taco stands |
| Date: | Tuesday, March 19, 2024 12:33:54 AM |

Speaking about taco stands that are all over Costa Mesa and aren't being removed. Below is a photo of one of the taco stands and how they transport their merchandise.



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Good evening,

This is Cristian Martinez with UFCW Local 324. In anticipation of the next City Council meeting, I am emailing you to share UFCW's support for addressing cannabis employee badge fees. Please find our letter of support attached to this email. Thank you for your time.

Regards,

Cristian Martinez

Researcher & Political Organizer *UFCW Local 324* Email: <u>cristian@ufcw324.org</u> Phone: (714) 306-4252

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Andrea Zinder President International Vice President Matt Bell Secretary-Treasurer

March 15, 2024

To the Costa Mesa City Council,

UFCW commends the City Council's efforts to ensure the City's incipient cannabis industry develops into a healthy industry providing good jobs for Costa Mesa's residents. As more businesses begin operating, the City gets closer and closer to meeting these goals. However, these objectives are simultaneously undermined by high employee badge fees that threaten the City's commitment to provide quality jobs because they disincentivize hiring and undermine the efficacy of this new industry.

High employee badge fees are constricting the industry's employment capacities and further damaging the viability of Costa Mesa's cannabis industry. If the price of hiring remains this costly, it is likely that the City will not receive the full benefits of a thriving cannabis industry as less hiring inhibits the sector's survival and decreases employment prospects for Costa Mesa's residents. Reducing this unnecessarily burdensome cost of hiring sufficient staff is crucial to operate the very businesses that will help the City meet its employment objectives.

We greatly appreciate you taking our input into consideration. If you have any questions, please do not hesitate to reach out to Derek Smith at (310) 801-1410 or dsmith@ufcw324.org. Thank you for your time.

Respectfully,

anchea Zuder

Andrea Zinder President, UFCW Local 324

Matt Bell Secretary Treasurer, UFCW Local 324

Please see attached Cannabis Industry Letter, 1st of 3

Modification Recommendations:

1. Cannabis Badges & Background Checks

- Santa Ana no longer requires Background Checks and City Badges for Employees
- Letter outlines burden of process and rational to modify the Cannabis Ordinance
- Cannabis Industry has been requesting this Policy Change for a year
- 2. Allow the word "CANNABIS" on Cannabis Store Retail Signs
- 3. Modify the 24 Hour Guard Requirement, not require for nonoperational hours

Cheers,

Jim Fitzpatrick Solutioneer

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Cannabis Industry Letter to Costa Mesa –Badge Fees & Background Checks (6.5.2023 – Modified 3.18.22) TO: City Council, City Manager & Staff

FROM: Costa Mesa Cannabis Industry Stakeholders

The Cannabis Industry has been requesting this policy change for at least a year.

The Cannabis Industry has a long history of working with the City of Costa Mesa to create a legal, regulated cannabis business sector. Part of this was established many years ago with the development and implementation of Measure X. And now with Measure Q, residents will finally have safe access to tested products.

With the implementation of Measure Q, it's worth considering the Cannabis Industry's contributions to the city thus far:

- 1. + \$2m in Cannabis Fees
- 2. + \$1m in Traffic Impact Fees
- 3. \$2.6m in estimate 23/24 Cannabis Taxes
- 4. No Significant Police Calls for Service
- 5. No Significant Code Violations

Support for the changes:

- Significant amount of both Measure Q and Measure X operators
- UFCW supports modifications
- Cannabis Chamber of Commerce
- Santa Ana has eliminated the Background Check and City Badges for Employees (Retain for Owners)
- Social Equity shift policy from Ownership to Employees

Burden of Existing Process:

- City issued Badge is not DCC State compliant, another badge must be produced
- Year 1 Retail Staffing Badge Fee & Background Check cost is over \$20,000
- Time to hire is a big issue, some do not make it through orientation & training
- Background Checks take a significant amount of time causing delays, some employees cannot wait that long for employment
- •

Policy Modification Options:

- 1. Eliminate the Background Check and City Badge for Employees, retain Background Check for Owners
- 2. At a minimum, reduce Badge Fee from \$631 to \$100 or less, and make City Badge DCC State compliant
- 3. Outsource to HdL, Background Check and DCC State Compliant Badge for about \$300

City Council needs to take action.

Sincerely,

Cannabis Chamber of Commerce

Operators (Measure Q & Measure X) Attached

Cannabis Industry Operators experience differs from Flow Chart

NOTE: Santa Ana does not require Employee Background Checks nor Employee City Badges

Background Checks and Badges

The Costa Mesa Municipal Code and Measure Q conditions of approval require all owners, managers, supervisors, and employees of Measure Q businesses to submit fingerprints to verify criminal history (§ 9-VI-495(g)(10)). Upon this verification, a badge is issued for the individual. The applicant must submit an application and pay the \$631 fee (based on full cost recovery) to initiate the City's process. The process is delineated below, with approximate timing:

| Application | | Review | | Live Scan | | DOJ/FBI Clearance | | Badge Preparation | | Badge Pickup |
|----------------------------------------------------------------------------------|---|-------------------------------------------------------------------------------------------------------------|---|-----------------------------------------------------------------------------------------------------------|----|-------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|---------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------------------------------------------|
| Applicant applies for a badge through TESSA. | • | CID staff checks application for completeness and issues a Live Scan form. | ⇒ | Applicant receives the form and rolls prints at certified Live Scan operator of their choice. | \$ | CMPD receives notification of DOJ/FBI clearance and alerts CID. | ⇒ | CID prints and prepares the badge Staff notifies the applicant the badge is ready for pickup. | ⇒ | Staff issues badge to applicant at the front counter. |
| Available instantly online. | | The form is issued in approximately 24 hours. | | Timing dependent on applicant's availability.* | | Average time is about 4 calendar days. | | Typical preparation and printing time is 2 business days. | | Pickup time varies by applicant's availability.** |
| 2 Days for TESSA to Issue Invoice Depending on Holiday Or Friday Off | | 1-2 Days once Invoice paid Depending on Holiday Or Friday Off | | Most use Mobile LiveScan so same day | • | 2 weeks To 2 Months Also issue with re that vary from oth cities, same emp City does not disc reason for not pas Live Scan | ier loyee close | NOTE: City doe issue DCC Cor Badges Operator must another badge DCC Complian | nplian make to be | |

SUPPORTERS:

Measure Q – Retail Operators: (by Address)

- Off the Charts 2801 Harbor Blvd •
- 2275 Newport Blvd Nectar
- 2424 Newport Blvd – Ash & Lex
- 2710 Harbor Blvd – Stiiizy
- 675 Paulorino – Stiiizy
- Mr Nice Guy • 1854 Newport Blvd
- 1860 Newport Blvd - Newport Leaf ۲
- Mr Nice guy 2845 Harbor Blvd
- 167 Cabrillo - Natures Garden
- 2332 Newport Blvd - Flower Factory
- 2664 Newport Blvd
- 124 E 17 th St
- 1921 Harbor Blvd
- 1990 Harbor Blvd
- 1687 Orange Ave
- 2146 Newport Blvd
- 2001 Harbor Blvd
- 2905 Redhill Ave
- 2301 Newport Blvd
- 2307 Harbor Blvd
- 141 E 16 th St
- 2285 Newport Blvd
- 2013 Newport Blvd - Strains

Individuals:

- Jim Fitzpatrick
- Chris Glew
- Sean Maddocks

Page 3 of 4

- Polaris
- High Seas
- 420 Central

- Secret Garden

- Gold Flora
- Off the Charts
 - South Coast Safe Access
 - Terra Firma
 - Culture
 - The Drop
 - Mercantile
- MedLeaf

SUPPORTERS:

Measure X – Supply Chain Operators

- Healing Plant 1685 Toronto Way
- CMX 3505 Cadillac N3
- Se7enLeaf- 3505 Cadillac M101
- Se7enLeaf 3505 Cadillac L3
- Higher Ground 3505 Cadillac F7
- Hera Distro 3505 Cadillac –F3
- SW Ventures 3505 Cadillac F5
- Yummi Karma 3505 Cadillac O-101
- Nature's Market 1675 Toronto Way
- Gold Flora 3505 Cadillac - O-107
- The Distillate 3520 Cadillac
- Biosgrove 3505 Cadillac M-201
- CaLeaf 3550 Cadillac
- Ash Capital 3505 Cadillac O-108
- Higher Logic 3560 Cadillac
- Aureus LLC 3505 Cadillac Ave Bldg A

Please see attached Cannabis Industry Letter, 2nd of 3

Modification Recommendations:

- 1. Cannabis Badges & Background Checks
- 2. Allow the word "CANNABIS" on Cannabis Store Retail Signs
 - Letter outlines reasonable rational to support
 - Current proposal of 1 inch letters does nothing
 - Currently, at every door, there is already a 1 Inch Cannabis Word
 - See the pages of examples from LIQUOR STORES
 - EWhen you drive the City, see the LIQUOR STORES, ask ... what's the difference?
 - Let's have Costa Mesa innovate a national symbol for Legal Cannabis!
- 3. Modify the 24 Hour Guard Requirement, not require for nonoperational hours

Cheers,

Jim Fitzpatrick Solutioneer

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CANNABIS POLICY CHANGE - ALLOW THE WORD CANNABIS ON BUSINESS SIGNS

The Ask:

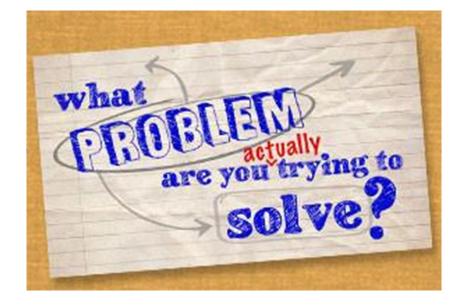
•

As Costa Mesa City Council considers cannabis policy changes, introducing the word CANNABIS to the business signs is a priority industry request.

What problem is the City trying to solve?

The City is contemplating cannabis policy changes, and there are so many positive things with cannabis!

- No calls for service as validated by public records request and Police Chief at city council meeting
- No significant code enforcement, for conditions that exist all over the city
- Operators following the Rules & Regulations
- Council formed the Ordinance after surveying Residents, Voters approved
- Meaningful tax revenue contribution FY 23/24 projected Cannabis Tax Revenue = 2.6m
 - \circ \$185,000 for First Time Home Buyers, that can be implemented now
 - \$10,000 for each 1st Time Homebuyers means the City could help **18 Homebuyers**
 - \$185,000 for the Arts
 - So much good can be done, but there is no process in place to edxecute
- Taxes being paid on time
- Improving and beautifying properties with differed maintenance in our commercial corridor
- Meaningful job creation, supporting Unions:
 - Avg Store has employee wages of \$1,800 per day, and over \$650,000 a year in payroll
- \$2 m in fees, paid on time
- Over \$1 m in traffic impact fees, paid on time
- Patience in working with city on a very long process, entitlement process and tenant improvement process
- Experienced significant carry costs through an extended approval process
- Paid above market rates to secure properties that met all the strict requirements
- Met all lengthy and comprehensive conditions of approval for the most regulated business in the city



Rationale:

- Request is for the word CANNABIS ONLY, no leaf depictions, no green crosses, or other images
 - \circ Using the right Term = CANNABIS,
 - a uniform vocabulary
 - Not derogatory or inflammatory slang
 - \circ To identify purpose of business and how the business functions internally
- Measure X, a Supply Chain business, does not need Identification Signage to indicate type of business as this type of business does not solicit customers from the general public
- Current Staff proposal is pedestrian oriented, does not address vehicle traffic
 - Protect kids and parents from wandering into a cannabis store thinking it is another use (21+) (Donuts, Ice Cream, Juice, Aquarium)
- Need the same solution for vehicle oriented use identification
 - Protect valuable Parking, preventing vehicles from entering valuable parking spots when they are either under 21, or thinking it is another store type (Donuts, Juice, Ice Cream, Aquarium)
 - Improve traffic safety, reducing traffic flow/congestion issues in parking lots and main streets
- Having the Word CANNABIS as part of SIGNS is permissible in State Law
- Business Identification is permissible for every other business, including Liquor Stores
- Necessary for a sustainable business, to tell customers driving by, what type of business is inside
- Lack of business identifying signage brings more code violations, causes operator "creativity"
 - o Businesses seeking alternative to City's restrictive sign policy
 - Seek to utilize signs used by other business all over the city
- Current Conditions of Approval already require the operator to place the word CANNABIS at the entrance in legislative language signs

Policy & Guidelines:

- Allow the introduction of the word CANNABIS onto business signs
 - Building Signage
 - Monument Signs
- No other word, green cross, marijuana leaves or other cannabis graphics allowed
- Must Apply for Sign Permit staff will maintain the final approval on signs
 - Staff review and approval
 - Must conform to City Sign Standards
 - Sized proportional to Business Name
 - o Placement reviewed and approved

CANNABIS POLICY CHANGE – ALLOW THE WORD CANNABIS ON BUSINESS SIGNS

Cannabis Signs with word CANNABIS must comply to City Sign Standards

From Costa Mesa Municipal Code

| | | TABLE 13-115 SIGN REGULATIONS PERMANENT SIGNS | | | |
|--------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|-------------------------------------------------|-----------------------------------------------------------------------------------|--|
| | RESIDENTIAL ZONES | COMMERCIAL ZONES | INDUSTRIAL ZONES | INSTITUTIONAL ZONES | |
| TOTAL SIGN AREA PER STREET FRONTAGE | Residential uses: 1.0 sq. ft per unit, not to exceed 90 sq. ft. (25 sq. ft. minimum for sites with 4 or more units). Permitted non-residential uses: 30 sq. ft. for sites less than 1 acre. 45 sq. ft. for sites of 1 acre or more. Total area of all permanent sigs (freestanding signs and building signs) may not exceed TOTAL SIGN AREA PER STREET FRONTAGE. TOTAL SIGN AREA PER STREET FRONTAGE See section 13-116 for commercial or industrial signs located within 200 ft. of residentially-zoned property. | 1.0 sq. ft. per ft. of lot width + 0.5 sq. ft. per ft. of lot depth | | 30 sq. ft. for sites less than 1 acre. 45 sq. ft. for sites of 1 acre or more. | |
| FREESTANDING SIGNS PERMIT REQUIRED | | | Yes | | |
| DEVELOPMENT STANDARDS | Must be located in landscaped planter equal to twice the sign area. May not obstruct visibility for motorists or pedestrians at driveways or intersections. May not obstruct visibility of legal signs on adjacent site(s). May not consist of a pole sign with a visible cylindrical pole structure(s). Planning Division may require freestanding signs to incorporate street address if address on building is not visible from public streets: 4 inches high minimum in residential zones; 8 inches high minimum in nonresidential zones. The address area, up to 6 s. q. ft., is not counted against allowable sign area. Address must be integrated into the design of the sign and placed at such an elevation so as not to be obstructed by landscaping. See section 13-116 if located within 200 ft. of residentially-zoned property. | | | | |
| MAXIMUM AREA (not including street address) | 30 sq. ft. (Includes both on-site and neighborhood identification signs.) | Total area of all freestanding signs may not exceed 50% | of total allowed sign area per street frontage. | 15 sq. ft. | |
| MAXIMUM HEIGHT | 7 ft. | 12 ft. | | 7 ft. | |
| NUMBER & SEPARATION | 300 ft. separation between freestanding signs on same site. | | | | |
| ILLUMINATION | Exterior, or interior with opaque background. No flashing or blinking allowed. | No flashing or blinking allowed. | | Exterior, or interior with opaque background. No flashing or blinking allowed. | |
| VERTICAL CLEARANCE | 8 ft. minimum clearance over pedestrian circulation areas. 16 ft. minimum clearance over parking and vehicular circulation areas. | | | | |
| FREEWAY-ORIENTED FREESTANDING SIGNS PERMIT REQUIRED | Prohibited | Yes | | Prohibited | |

§ 13-115. Signs regulations and design standards.

Table 13-115 indicates the maximum allowed area, height, number, and other design restrictions for both permanent and temporary signs.

Support:

Measure Q - Retail Operators: (by Address)

- 2801 Harbor Blvd Off the Charts
- 2275 Newport Blvd Nectar
- 2424 Newport Blvd Ash & Lex
- 2710 Harbor Blvd Stiiizy
- 675 Paulorino Stiiizy
- 1854 Newport Blvd Mr Nice Guy
- 1860 Newport Blvd Newport Leaf
- 2845 Harbor Blvd Mr Nice guy
- 167 Cabrillo
- Natures Garden
- 2332 Newport Blvd Flower Factory
- 2664 Newport Blvd Secret Garden
- 124 E 17 th St Polaris
- 1921 Harbor Blvd High Seas
- 1990 Harbor Blvd 420 Central
- 1687 Orange Ave Gold Flora
- 2146 Newport Blvd Off the Charts
 - 2001 Harbor Blvd South Coast Safe Access
- 2905 Redhill Ave Terra Firma
- 2301 Newport Blvd Culture
- 2307 Harbor Blvd The Drop
 - Mercantile
- 2285 Newport Blvd MedLeaf
- 2013 Newport Blvd Strains

Individuals:

•

•

• Jim Fitzpatrick

141 E 16 th St

- Chris Glew
- Sean Maddocks

CANNABIS POLICY CHANGE – ALLOW THE WORD CANNABIS ON BUSINESS SIGNS Idea for Future:

- Create some elegant, universal symbol to indicate a Cannabis Store, that can be used on signs, marketing, etc, that clearly will not attract Kids
- Have Costa Mesa lead!

Move beyond the Medicinal Green Cross to Indicate a Cannabis Store



EXAMPLES: For visual ideas only

- Establish an identifiable symbol
- Professional, Adult Icon



CANNABIS POLICY CHANGE - ALLOW THE WORD CANNABIS ON BUSINESS SIGNS

Liquor Store Examples:

NOTE: Cannabis is not asking for all the window advertising, only the word CANNABIS

Qwick Corner Liquor - 612-B Baker St Costa Mesa, CA 92626



CANNABIS POLICY CHANGE - ALLOW THE WORD CANNABIS ON BUSINESS SIGNS



Mesa Verde Wine & Liquor- Baker St Costa Mesa, CA 92626

PLAZA WINE & SPIRITS - 1525 Mesa Verde Dr E Ste 129 Costa Mesa, CA 92626



Page **7** of **12**

CANNABIS POLICY CHANGE – ALLOW THE WORD CANNABIS ON BUSINESS SIGNS POWER LIQUOR - 1888 Placentia Ave Costa Mesa, CA 92627

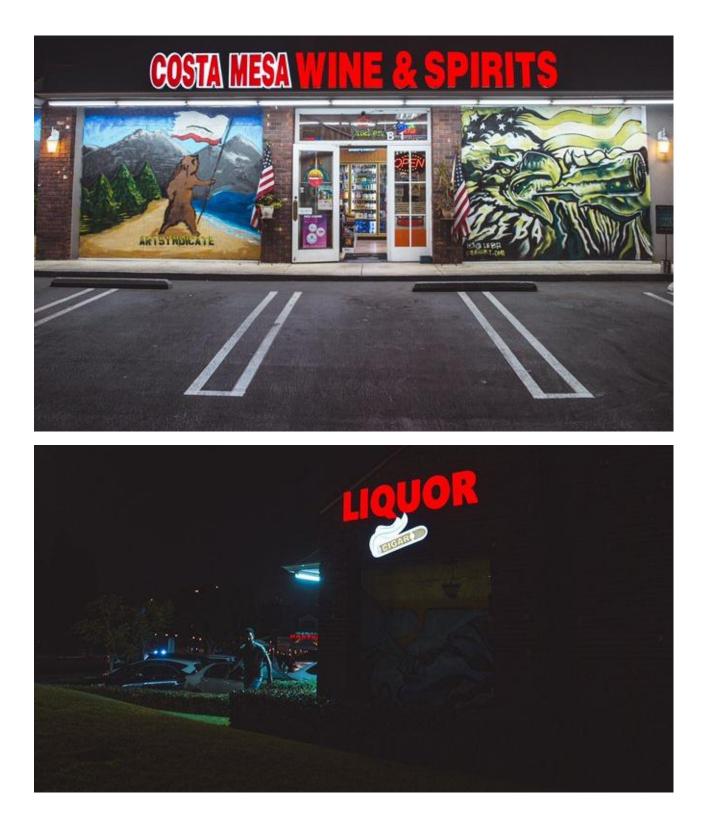


Hi-Time Wine Cellars - 250 Ogle St Costa Mesa, CA 92627

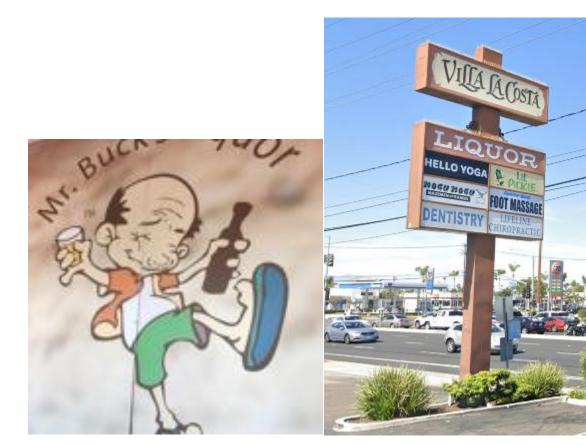


CANNABIS POLICY CHANGE – ALLOW THE WORD CANNABIS ON BUSINESS SIGNS

Costa Mesa Wine & Sprits - 891 Baker St Costa Mesa, CA 92626



CANNABIS POLICY CHANGE – ALLOW THE WORD CANNABIS ON BUSINESS SIGNS Mr. Buck's Liquor 2989 Fairview Rd (Home of Lil' Pickle)



Newport Liquor - 2200 Newport Blvd



CANNABIS POLICY CHANGE – ALLOW THE WORD CANNABIS ON BUSINESS SIGNS Minute King Liquor – 2052 Newport Blvd

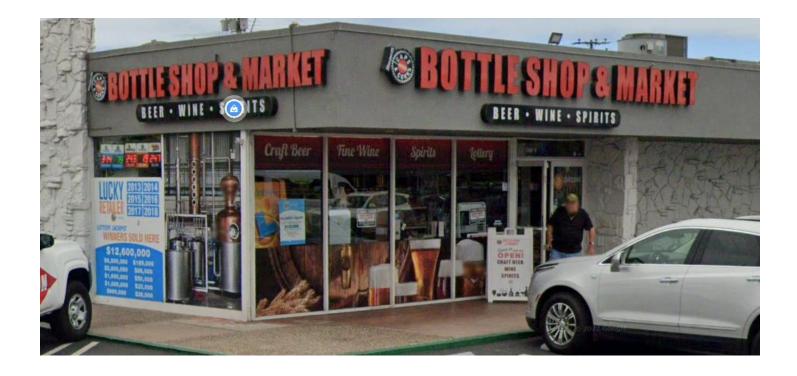




BEVMO – 1835 NEWPORT BLVD



BOTTLE SHOP & SPIRITS – BEER | WINE | SPIRITS - 333 E 17th St, Costa Mesa, CA 92627



| From: | Jim Fitzpatrick |
|--------------|-------------------------------------------------------------------------------------------------------------|
| То: | <u>CITY CLERK</u> |
| Cc: | Chris Glew; Patrick Martin; MIKE; Jeff Droege; Greg Gamet; Peter Ishak; Cyrus Pai; Matthew Nathaniel; Amy |
| | Gammon; Michael Moussalli; Matteo Tabib; Robert Taft; david dewyke; Randall Longwith; Devon Julian; Sean |
| | <u>Maddocks; Norman Yousif; Chris Kopitch; Wade Abdulla; Vivian Nguyen; Kevin Nguyen;</u> |
| | karen@medleafdelivery.com; Alex Palanjian; Brandon Purkiss; Clay Tanner; Evan Spencer; Evan Spencer; Walton |
| | Chan; Walton Chan; Kris@shopmedleaf.com; George Hannawi; Cardine, Sara; HARLAN, JEFFREY; MARR, |
| | ANDREA; CHAVEZ, MANUEL; GAMEROS, LOREN; HARPER, DON; REYNOLDS, ARLIS; HAUSER, JANET; |
| | STEPHENS, JOHN; CONSTITUENT SERVICES; FARRELL HARRISON, LORI ANN; REYES, ALMA; GREEN, BRENDA; |
| | GALLARDO DALY, CECILIA; DRAPKIN, SCOTT; HUYNH, NANCY; HALLIGAN, MICHELLE; INLOES, DANIEL; |
| | <u>DOUDAR, ZIAD; GAMBOA, FIDEL; SETHURAMAN, RAJA; ROSALES, JENNIFER; CHIRAR, MOHCINE; YANG,</u> |
| | SEUNG; WONDERCHECK, DEBORA; ZUCKERMAN, HEIDI; ASHENDORF, CHARLENE; DERDERIAN, FISHER; LUCIA, |
| | ERICA; MANN, ALLISON; OCHOA, ALISA; WILD, DINA; pensionoversightcommitte@costamesaca.gov; THOMAS, |
| | BRETT ATENCIO; TOLER, RUSSELL; MOLINA, CAROL; PHAM, ANDREA; Jennifer Tanaka; Chief@werlegends.com |
| Subject: | Public Comments - City Council March 19 - Cannabis Ordinance - Public Hearing #1 - Email #3 |
| Date: | Monday, March 18, 2024 11:38:57 AM |
| Attachments: | Policy Change - 24 HOUR SECURITY GUARD - 3.18.2024.pdf |
| | Cannabis Storefronts Stats.pdf |
| | Post Alarm Letter to City of Costa Mesa - 24 Hr Security Guard.pdf |
| | Costa Mesa Letter - 24 Hr Security Guard - Terry Blevins.pdf |
| | |

Please see attached Cannabis Industry Letter, 1st of 3

Modification Recommendations:

- 1. Cannabis Badges & Background Checks
- 2. Allow the word "CANNABIS" on Cannabis Store Retail Signs
- 3. Modify the 24 Hour Guard Requirement, not require for nonoperational hours
 - Police Calls for Service indicate no significant issues
 - Facilities exceed minimum requirements, are safe overnight
 - Technology can be implemented to be as effective
 - Monitor, observe, call police
 - No external security guard is safer
 - Those that seek to have a person in parking lot overnight can reduce costs

Cheers,

Jim Fitzpatrick Solutioneer

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The Ask:

As Costa Mesa City Council considers cannabis policy changes, allow Cannabis Retail Operators the option to reduce the 24 hr Guard, provided they have an approved modified Security Plan.

What problem is the City trying to solve?: There are no major issues

The City is contemplating cannabis policy changes, and there are so many positive things with cannabis!

- No calls for service as validated by public records request and Police Chief at city council meeting
- See attached documentation of no serious calls for service
- No significant code enforcement, for conditions that exist all over the city
- Operators have extensive Security Plans
 - \circ $\,$ Include how to harden and protect the asset
 - o Video Surveillance inside and out
 - Motion Detectors
- Operators realize Retail Theft, non cannabis, is on the rise, and are concerned
 - Spending money on technology, systems and training to deter and prevent

<u>Rationale</u>: Is a 24 hour Guard reasonable and consistent ?

- Goal is to avoid confrontation while maintaining a secure facility in the non-operational hours
- All stores have sophisticated security and surveillance equipment and systems
 - Let the systems do its job
 - Monitored video surveillance, glass break detector, motion detectors
- All reviewed by City and third party cannabis expert HdL
 - o Ordinance has enhanced Security Requirements
 - o Influenced by Costa Mesa Police and HdL
 - HdL pre operations inspections to validate enhanced security systems and measures
- Very few Cities in California require 24 hour security guards
- Operators support Guard during operational hours
- 24 Hour Security Guards are a massive expense, and an unreasonable risk
 - \circ 9 hours @ \$30 an hour = \$270 a day, \$81,000 a month and \$98,550 a year
 - NOTE: Payroll is not a write off in Cannabis with 280E of Tax Code, only COGS
- 24 Hour Security Guards present an unnecessary risk
 - Same outcome of Security Guard can be achieved with technology & systems
 - Security Guard job is to observe, witness and report
- State DCC rules and regulations do not require a 24 hour security guard

Experts Agree: (see attached)

• Several security consultants have advised us that having an overnight guard could actually be more dangerous than not having one, as most crime is likely to happen at night and this means there will now be a confrontation between a security guard and the individuals trying to commit a crime, rather than just allowing the retail store's robust security system to do its job when criminals try to break in. The idea is to limit confrontation and potential bodily harm.

Policy & Guidelines: Options for City

- Provide an option for Cannabis Retail Operators to modify their Security Plan
 - Demonstrate how the facility will be kept secure in the non operational hours, examples:
 - Monitored Video Surveillance
 - "Talk Down" Feature
 - Shared evening patrol among operators
 - Have operator demonstrate facility is secure in non operational hours
- City Staff, Costa Mesa Police Department & HdL review and approve prior to reduction of hours
- Request HdL do a study of Southern California City Policy on 24 Hour Guard
 - Finding will be very few require 24 hour guard
- Explore Systems and Technology that accomplish the same outcome more cost effective

Attachments:

- Police Department Calls for Service Report, (CM PD Storefront Stats) indicting no significant issues
 - <u>FINDINGS</u>:
 - No significant Issues
- **Post Alarm:** Expert shares how to defend the facility with technology and equipment
 - **<u>FINDINGS</u>**:
 - Questions need for "grave yard shift' guard after business is closed
 - Already has enhanced security technology, systems and measures
 - Has "Layers" of security
 - If internal guard, the internal systems will not be armed
- Armaplex Security: Consultant Opinion, little benefit for increased security risks
 - <u>FINDINGS</u>:
 - Very little benefit for the business with high cost
 - Increased Security Risks
 - Reduces Guards personal safety
 - Inside Store never turn on systems
 - Motion Detector, Glass Break Detector
 - What about Guard's breaks or if Guards fall asleep?
- Link to Orange County Grand Jury Report
 - LINK: https://www.ocgrandjury.org/sites/jury/files/2023-06/2021-06-03 Pot Luck Santa Ana Monopoly On Licensed Retail Adult-Use Cannabis In Orange County.pdf
 - <u>FINDINGS</u>:
 - Crime went Down
 - Significant Tax Revenue contribution

TECHNOLOGY & SYSTEMS OPTIONS EXAMPLES

Signage as a Deterrent



Video Surveillance Camera Monitoring



CANNABIS POLICY CHANGE – MAKE SECURITY GUARD OPTIONAL AFTER HOURS Talk Down Feature

<image>



FOG SYSTEMS

System floods the area with fog, great way to foil a smash & grab





Cannabis Storefronts

Crime Analysis Unit Costa Mesa Police Department



CALLS FOR SERVICE

January 01, 2022 - January 31, 2024

| Dispensary | Location | 2023 | 2024 | Total |
|--------------------------|-------------------------------------|------|------|-------|
| 420 Central Newport Mesa | 1990 Harbor Blvd | 6 | 1 | 7 |
| Off The Charts | 2801 Harbor Blvd | 5 | 1 | 6 |
| Stiiizy | 2710 Harbor Blvd | 3 | 2 | 5 |
| Nectar | 2275 Newport Blvd | 7 | 1 | 8 |
| Mr. Nice Guy | 1854 Newport Blvd | 5 | 1 | 6 |
| Catalyst | 170 E 17th St | 5 | 1 | 6 |
| Secret Garden | 2664 Newport Blvd | 2 | 0 | 2 |
| Mr. Nice Guy | 2845 Harbor Blvd | 1 | 0 | 1 |
| South Coast Safe Access | 2001 Harbor Blvd., Suite 101-103 | 1 | 0 | 1 |
| Total | 9 locations | 35 | 7 | 42 |

*On November 23, 2022, 420 Central Newport Mesa (District 5) was the first dispensary to open in Costa Mesa.

*For 2022, there were no calls for service related to any of the dispensaries listed above.

CONFIDENTIAL INFORMATION / FOR LAW ENFORCEMENT USE ONLY

420 CENTRAL NEWPORT MESA

Top Calls for Service by Nature Code

| Nature of Call | Total |
|----------------------|-------|
| Panic/Silent Alarm | 2 |
| Robbery Silent Alarm | 1 |

Reports Taken

| Case Number | Date | Report Type |
|-------------|------------|-------------|
| 24-000785 | 01/18/2024 | Petty Theft |

OFF THE CHARTS

Top Calls for Service by Nature Code

| Nature of Call | Total |
|------------------------|-------|
| Burglary Audible Alarm | 1 |
| Suspicious Male | 1 |

Reports Taken

| Case Number | Date | Report Type |
|-------------|------------|----------------------------------------|
| 23-014773 | 10/08/2023 | Assault Deadly Weapon - Not Firearm |

STIIIZY

Top Calls for Service by Nature Code

| Nature of Call | Total |
|----------------------|-------|
| Found Property | 2 |
| Robbery Silent Alarm | 1 |

Reports Taken

| Case Number | Date | Report Type |
|-------------|------------|----------------|
| 23-018361 | 12/25/2023 | Found Property |

NECTAR

Top Calls for Service by Nature Code

| Nature of Call | Total |
|------------------------|-------|
| Fire Alarm | 5 |
| Burglary Audible Alarm | 1 |

No reports taken at Nectar Markets.

MR. NICE GUY (NEWPORT BLVD)

Top Calls for Service by Nature Code

| Nature of Call | Total |
|------------------|-------|
| Disturbance Male | 1 |
| Suspicious Male | 1 |
| Unwanted Subject | 1 |

Reports taken at Mr. Nice Guy (Newport Blvd)

CATALYST Top Calls for Service by Nature Code

| Nature of Call | Total |
|------------------------|-------|
| Panic/Silent Alarm | 2 |
| Burglary Audible Alarm | 1 |

Reports Taken

| Case Number | Date | Report Type |
|-------------|------------|-------------------|
| 23-012451 | 08/23/2023 | Suspicious Report |

SECRET GARDEN

Top Calls for Service by Nature Code

| Nature of Call | Total |
|-------------------|-------|
| Disturbance Noise | 1 |
| Panic Alarm | 1 |

No reports taken at Secret Garden.

MR. NICE GUY (HARBOR BLVD)

Top Calls for Service by Nature Code

| Nature of Call | Total |
|------------------|-------|
| Disturbance Male | 1 |

No reports taken at Mr. Nice Guy on Harbor Blvd.

SOUTH COAST SAFE ACCESS

Top Calls for Service by Nature Code

| Nature of Call | Total |
|----------------|-------|
| Trespassing | 1 |

No reports taken at South Coast Safe Access.



47 E St Joseph Street Arcadia, CA 91006 (800) 654-7678 PostAlarm.com

September 2, 2021

City Planners for City of Costa Mesa Costa Mesa, CA 92626

Hello City of Costa Mesa,

My name is Thomas Johnson. I work for Post Alarm Systems. I have been involved with the City of Costa Mesa and the cannabis industry business owners since the beginning several years ago. I am writing this email because I have a security concern about one section of the City requirements for a cannabis retail store requiring "a plan to ensure one (1) licensed guard " to be on the premise **24 hours a day**."

As a security professional, I do not think a 24 hour guard on the premise will provide better security for the business. Please let me explain in detail my concerns and recommendations. I am specifically questioning the wisdom of a "grave shift" guard after the business is closed for business.

A cannabis retail store will already have a requirement for a good burglar alarm system. A cannabis retail store will have multiple areas that need to be protected by a burglar alarm and this alarm system needs to be armed when the managers are not present. It is not logical to disarm the premise in any area which will allow the security guard free access in these area(s) or to allow the guard access to roam the entire building, with key fob access to any area. It is better to arm and secure key areas, to remove any access that is unauthorized.

A cannabis facility will typically have layers of security. The outside cameras are the first layer, the laminated glass and reinforce walls are additional layers. The keyless locks and access control are another layer. The entire perimeter and inside are saturated with motion detectors and door contacts. The safe is located in a secure area and bolted down. I am concerned that there would be layers of protection that would be removed and replaced by a guard on site.

If there is an armed guard or unarmed guard onsite after the business is closed for the day, the question then becomes what area(s) should not be armed at all? Since there is a guard on the premise, where does the guard stay at night? How do you know for sure the guard is honest?

If the onsite guard is stationed outside in their car, there are other concerns such as rest breaks, restroom facility (in this case a Porta-Potty), rain, and patrolling the perimeter. How is this better protection than video surveillance, layers of security system protection and armed response?

I worked as a guard for about 7 years when I was in college before I started working for an alarm company. Do you know that graveyard shift guards are known to fall asleep? It does not happen to all guards but it is very common.

A real concern is that the guard is vulnerable from someone shooting the guard from outside and gaining entry without an alarm going off if the area where there is a guard in never armed.

If the City really wants to be professional with security systems, my recommendations is to adopt the published burglar alarm standard known as such as UL 681. The UL 681 Standard has already been



47 E St Joseph Street Arcadia, CA 91006 (800) 654-7678 PostAlarm.com

officially adopted by the State of California and is currently being used in Sacramento. This is a comprehensive security system standard that is used nationwide which has passed stringent tests by UL. This standard has armed response as one of the components for security. HDL has information on this UL 681 Standard.

The UL standard 681 also makes reference to armed response for certain types of businesses but armed response is not required for every business. The UL certificated burglar alarm is inspected by UL to make sure the system is in 100% compliance with the UL 681 Standard. Underwriters Laboratories would certify the burglar alarm with a special certificate and inspect the alarm annually. HDL would not need to certify the burglar alarm at a cannabis facility because this would be performed by a highly skilled UL trained certified burglar alarm inspector. HDL would be able to verify that the facility has a UL Certificate to verify the burglar alarm has met the standard required. HDL would then also verify all the other areas of security plan are in compliance with City and State. This UL standard is the system that would meet the requirements for an insurance company for the business. With UL 681, the City of Costa Mesa (and insurance companies) would have a completely researched, tested, proven recommended system used nationwide.

Thank you. Sincerely,

Thomas



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Terry Blevins President/CEO Valian Group LLC Armaplex Security 9133 La Cienega Blvd. Ste 220 Inglewood, CA 90301



September 2, 2021

To Costa Mesa City Officials,

I am respectfully writing this letter with my professional opinion regarding the posting of overnight security guards at cannabis retail outlets. I have held this opinion for several years and have sent similar letters to other government regulators with the hope of influencing some change in requirements that I believe are not in the best interest of the City, the cannabis operators, or the security guards themselves.

I feel that I am qualified to render this professional opinion as I am considered a "Professional Security Consultant," with over 35 years of experience in Law Enforcement and Security. I was employed as an Industrial Site Security Subject Matter Expert by the U.S. Department of State and have received extensive training in conducting threat and risk assessments, as well as having competed a master's degree in Security Management. I hold an active PPO Security License in the State of California (PPO #120159). Additionally, I have developed over 400 cannabis business security plans for cities throughout California and have seen what works and doesn't work. As an executive board member of the Cannabis Information Sharing & Analysis Organization (ISAO) I receive constant updates on the latest incidents in the industry that allow me to make recommendations that are based on real threats. I not only consult, but also manage the day-to-day operations of a cannabis security company that provides security guards and additional services.

I believe that posting a security guard at a retail cannabis site during the hours that the business is closed, not only serves very little benefit for the business, but can also increase security risks at the site and reduce the guard's personal safety, as they would most likely be posted outside. The posting of guards at larger wholesale cannabis sites (cultivation, distribution, manufacturing) overnight does add value if done correctly, but this is not the case with retail cannabis sites. Posting the guard inside the retail store is not an option for the following reasons: it gives the guard access to the interior of the building where cannabis is stored; it gives them access to information about the security equipment and procedures for the site, as well as vulnerabilities; intrusion alarms (motion detection, glass break sensors, etc) cannot be armed in areas where the guard has access. Additionally, California labor laws require that security personnel be allowed to leave the site during breaks, which not only means that the site is unprotected during this time (up to 3 times and total of one hour per shift), but also creates a vulnerability due to the unlocking of doors for these breaks. The guard leaving the site for breaks at night while they are in possession of keys to the site creates an additional vulnerability. Alternatively, the guard cannot be posted outside as we are required to provide them with heat and a/c, with access to a restroom, as well as a kitchen with microwave and refrigerator, which once again gives them access to the inside. Our experience setting up security for hundreds of sites has taught us that a robust electronic security system, that is monitored and vetted by live security personnel, has a much lower risk of failure than the posting of a security guard. This is especially true in jurisdictions such as Costa Mesa where the police department has quick response times to "burglary in progress" calls. I have also spoken to several other cannabis security professionals who agree with me on this assessment.

I would respectfully request that the City of Costa Mesa reconsider their requirement of posting guards at retail cannabis sites overnight. I would be happy to support my assertions during a meeting with City officials if that is requested.

Sincerely,

Terry Blevins Cell: 310-279-6842

Yes,

And lastly: because I do have respect and have appreciation for the City of Costa Mesa, let me speak my peace.

When Costa Mesa had their so-called " trap shops", that wasn't necessarily a bad thing. When dealing with trap shops you're dealing with different growers. And these growers are in a competition to race to the top when growing because they must continue to meet the needs of the people or their buyer would look elsewhere if their shop is declining because of stagnant products. So different shops had different reputations based on their product based on their grower. Fast forward, the city became doped by the falsified numbers the media put out claiming the potential revenue to be gained. And yes, the city is greedy of course so let's open it up to the legitimate business whose interests are not the same. So now the people suffer because we dealing with capitalism. So now you can buy the same cannabis product in Costa Mesa or here now where I'm now located in Sacramento. And let me tell you, Sacramento will have you missing the Nazi's. I can't wait to get back. Rick Flair "woooooo!!!

But in a nutshell, it's like McDonald's, the burger is going to taste the same no matter where u eat it at. These companies are systematic. You can buy CBX at "Off the Charts" or "Mr. Nice Guys" the same ol same ol. And believe me CBX doesn't give two cents about where you're buying from. But all not is lost. I've been observing the industry and I understand the needs of the people, because there truly is medical benefits of cannabis, so I plan on submitting our application. Ty

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From: TERAN, STACY <STACY.TERAN@costamesaca.gov>
Sent: Monday, March 18, 2024 1:31:20 PM
To: Jonathan James <jonathanjames00@outlook.com>
Subject: RE: Cannabis

Hello,

We have received your comments, will provide them to City Council, post on the website, and make part of the meeting record.

Thank you,

Stacy Teran Deputy City Clerk City of Costa Mesa | City Clerks Office 714)754-5213 Stacy.Teran@costamesaca.gov



Costa Mesa is launching a new permit and license processing system called TESSA in August. TESSA will replace our existing system and all land use, building and business license applications currently in process will be transferred to the new system. To learn more about TESSA, with the transferred to the new system. To learn more about TESSA,

visit our FAQ page at https://www.costamesaca.gov/tessa.



From: Jonathan James <jonathanjames00@outlook.com>
Sent: Monday, March 18, 2024 12:43 PM
To: CITY CLERK <CITYCLERK@costamesaca.gov>
Subject: Cannabis

Yes hello,

This message is to inform you that your current cannabis process is failing.

Although good intentions, it's the same ol same ol; no different from any other city. A bunch of avarice cannabis amateurs looking to get whatever they can from the citizens, oh, and since it's "Costa Mesa", let's over charge for this so-called cannabis; which it's not because it's all clone now no actual flower is being sold by these brands. It's all artificial that's why it's failing; no more medical benefits.

And yes, I've been to most of the locations in the city and I see no diversity, no one who looks like me; then I thought to myself.., "this is the "City of the Nazi's" maybe it's not allowed..?"

But I do hope that despite your failures you keep the process open for a real conscientious person and a company like ours because I do plan on submitting my application soon. We will succeed when those failed because our intentions are different.

• Jonathan U.S. S1 Eleven Private Military Company

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| From: | Randy O |
|--------------|----------------------------------------------------------------------|
| То: | <u>CITY CLERK</u> |
| Subject: | City Council Letter for March 19, 2024 Meeting Regarding MedLeaf CUP |
| Date: | Monday, March 18, 2024 3:31:04 PM |
| Attachments: | image.png |

Dear City Council Members,

My name is Randy and I represent a family investment as well as an advisor to MedLeaf, a Measure Q Applicant at 2285 Newport Blvd, next to Angels Auto Spa Car Wash, owned by the famous Surat Singh.

We've had a great experience with Oceanside. The City of Oceanside developed a regulatory scheme that we followed for home delivery and have since been rewarded with a Retail Storefront License.

However, you heard the factual concerns outlined by my colleague George, and his wife Karen.

We just cannot understand what has happened to an Applicant in Good Standing.

Imagine our struggle, when the City has stopped communicating, in trying to explain this to our landlord.

Imagine our challenge to explain this to Investors, they simply do not believe us when we tell them we have done everything right. That we followed all the Rules and Regulations and that we have been told by City Staff that we are confirmed to be one of the first.

Based on our Status Letter indicating our "Application is complete", Staff led us to believe they were actively trying to schedule a Planning Public Hearing.

And then, for months. And I mean months, we have not been able to communicate with City Staff.

We are being deprived of our rightful Public Hearing wiht Planning Commission for our Conditional Use Permit.

This is bringing real harm to the:

- Owners
- Investors
- Employees
- Property Owner

We have hired an attorney and are concerned as we observe the only groups that get a response from the city are required to take legal action.

Can we please work with someone in the city to resolve this reasonable request for our CUP Public Hearing as promised.

Thank you for your time and consideration.

Sincerely,

Randy



June 23, 2022

George Hannawi 401 Rockefeller Apt. 201B Irvine, CA 92612

Sent via email to george@shopmedleaf.com

Application: PLANNING APPLICATION 21-28 (MEDLEAF) 2285 NEWPORT BLVD, COSTA MESA

Dear Applicant:

Staff has reviewed your Conditional Use Permit (CUP) application for a proposed cannabis retail storefront with delivery at the above address. Staff has no further comments or corrections on your CUP plans and application materials at this time. The next step is to schedule your CUP application for a public hearing date at Planning Commission. Staff will notify you when your CUP application has been tentatively scheduled for Planning Commission. Please be aware that additional information or documents to supplement the Planning Commission staff report may be needed as determined by staff.

If you have any questions regarding the above, please do not hesitate to contact me at (714) 754-5609, or at <u>nancy.huynh@costamesaca.gov.</u>

Sincerely,

Manshith Nancy Huynh Senior Planner

Property Owner: Kanwarjit Singh

2574 Oxford Lane Costa Mesa, CA 92626 abhays@sbcglobal.net

Planning Division (714) 754-5245 FAX (714) 754-4856 • TDD (714) 754-5244 • www.ci.costa-mesa.ca.us

This one needs to be changed immediately.

Requiring those that have a financial interest to get a business license?

Makes zero sense and is very concerning in so many ways and was never discussed until included in the Agenda Release on Friday.

SEE ATTACHED

Cheers,

Jim Fitzpatrick Solutioneer

New Language - Financial Interest, must get a Business License?

City Council

This is very troubling. This is a great example of why the Cannabis Industry and others does not trust the City and lack confidence in the rule making process.

Will this be part of the 60 page unpublished Cannabis Administrative Regulations?

This new language was thrown over the Fence just this Friday. This important issue was not discussed at Planning Commission in January. The issue was not discussed in February at an Industry Zoom, less than a month ago.

This is an example of how the City Attorney and City Prosecutor do not understand the Cannabis Rules and Regulations and fail to reach out to resources like the DCC, HdL or the Cannabis Industry.

Clearly this new language was introduced as a result of the failed enforcement against High Seas.

The City learned nothing.

The City Prosecutor does not understand how the legal industry works, and now inappropriately introduces troubling language.

Financial Interest holder must now obtain a business license?

Presented to Planning Commission January 2024

9-493. City business license required.

Prior to commencing operations, a cannabis business shall obtain and thereafter maintain a valid city business license pursuant to Chapter I of this title. Failure to do so will hold a valid business license at all times shall render the cannabis business permit invalid.

Shared Friday ... NEW

9-493. City business license required.

Prior to commencing operations, a cannabis business <u>and any financial interest holder therein</u> shall <u>each</u> <u>separately</u> obtain and thereafter maintain a valid city business license pursuant to Chapter I of this title. Failure to do so will hold a valid business license at all times shall render the cannabis business permit invalid.

So now someone who gave a loan must now get a Business License? For what entity, what address?

Please, stop this foolish prosecutorial overreach and encourage the City Prosecutor to spend time educating himself the to industry best practices.

March 18th 2024

Dear Members of the Costa Mesa City Council,

This letter is a request for the City of Costa Mesa to grant and schedule CUP hearings to the remaining applicants of submitted CBP applications who have received pre-application approval. This bucket of applicants detrimentally relied on city communication and site visits to further their decision to open a CBP business. To date, this would only require the council to authorize the remaining six applications over the 30-limit cap which has been suggested by The Planning Commission. This would alleviate the city of legal exposure from these applicants, who are heavily invested in their land/projects.

As many of you may recall, Ordinance No. 2021-08 (Title 9, Business Licenses) and Ordinance No. 2021-09 (Title 13, Zoning) were passed in June of 2021, and numerous applicants including myself filed timely CBP applications (we applied 4 min after the portal opened) and played by the rules without temporary measure X people allowing them to apply 30 days early. Many of these measure X people are no longer are part of the CBP business but were merely there from the beginning as strawmen. Because we played by the rules, we now are in jeopardy of pending Council action that may further restrict or prevent the ability to receive a business license.

It has been almost two years since my application was submitted and I have been making substantial lease payments for over three years, totaling over \$400,000, on a property within the city, in anticipation of opening a CPB location. I believe it is unjust, unfair, and wrongful for the city to simply deny me, as well as all similarly situated applications, the opportunity to even be heard on the matter of license issuance and receive a CUP hearing.

As a 25-year homeowner/resident and business operator in the city, I would like to believe that the city would not act arbitrarily and capriciously, with an utter disregard for the investment in the community, to applicants like me and those similar. As a group and individually we believe in the city of Costa Mesa, look forward to its growth, and obviously seek to be drivers and contributors to it. Thank you for your time and consideration.

--Sincerely

Keith Scheinberg ESQ SPECIALIST (E4) CA STATE GUARD City Council Members,

I am Karen Hannawi, owner of MedLeaf, a Measure Q Applicant at 2285 Newport Blvd, next to Angels Auto Spa Car Wash, owned by the famous Surat Singh.

We have operated a Cannabis Delivery, non storefront in Oceanside for years and have now worked with the City to expand our operations into a Cannabis Retail Storefront.

We could not have had 2 different experiences in Oceanside as compared to Costa Mesa.

My husband just shared with you a little about the facts that we believe compel the City Council to help us find answers and a viable path forward.

As the wife, I just wanted to share my experience, my realities and my perspective on how the City has behaved and the implications on our family business and on my family. Because they are real, not hypothetical.

The best news, through all of this Application process, George and I are still happily married.

This process has stressed our relationship together and relationships with others.

One of the hardest things for me is to explain to a property owner, and investor, a manager who we promised that if you hang in there with us, you can grow with us and you can open our Costa Mesa store with us.

We thought we could trust Costa Mesa. Early on, we never thought otherwise. A City Council developed ordinance voted in by a super majority of Voters. A clear Application process where we knew we could compete and win.

Our Team submitted our CUP Application November 5, 2021, almost 2 and a half years ago.

We received our Staff Application Status Letter on DATE, indicating our application was "Deemed Complete" and our verbal discussions with Staff said they were in the process of scheduling a Public Hearing for CUP.

And then nothing.

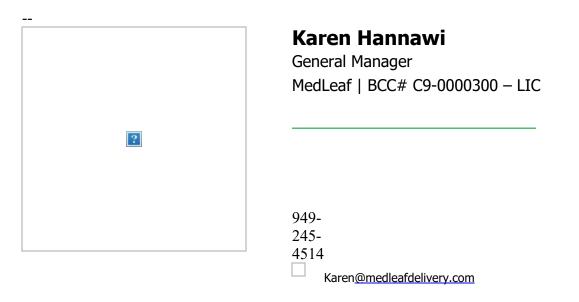
How would you feel when an investor tells you that we are lying, that no city would ever give positive feedback then go completely dark.

How would you feel, as a wife or husband when someone tells you that an Investor has no other choice but to seek legal remedy because they just cannot accept our reality as the truth.

City Council, will you help me, help my husband, help our property owner, help our Investors, help our employees?

We are reasonable and good people. Why can't we work with this City?

Thank you, Karen



The content of this email is confidential and intended for the recipient specified in message only. It is strictly forbidden to share any part of this message with any third party, without a written consent of the sender. If you received this message by mistake, please reply to this message and follow with its deletion, so that we can ensure such a mistake does not occur in the future.

City Council Members,

I am George Hannawi, owner of MedLeaf, a Measure Q Applicant at 2285 Newport Blvd, next to Angels Auto Spa Car Wash, owned by the famous Surat Singh.

We have operated a Cannabis Delivery, non-storefront in Oceanside for years. About a year and a half after we applied in Costa Mesa, we started the process in Oceanside to apply for a Cannabis Storefront Permit.

We are excited to share that based on our operation in good standing and solid relationship with the City, we were the first, and currently only operator to be awarded a Cannabis Retail Storefront Permit.

Here in Costa Mesa, we thought we had that same solid relationship. We spent a significant amount of money in Costa Mesa and did everything both we as Applicants and the property was required to do.

We have documentation and confirmation from City Staff that we were one of the first Applications in the process.

But, then, all of a sudden, that all stopped. No longer did City Staff return emails and phone calls.

City Staff has not ever explained to us what if any issues there are with our Application. Please understand our significant concern that the City is considering stopping the Process at 30 CUP's when our Application should have been in front of Planning Commission 2 years ago this summer. Think about that harm this has caused.

I need to share some facts that we hope will compel City Council to help us get City Staff to respond and demonstrate a viable path forward for our Application.

MedLeaf submitted:

- Pre Application in Phase 1 on August 12, 2022.
- Received our Notice to Proceed on November 2, 2021, which allows us to submit our CUP
- 3 days later in November 5, 2021, we submitted our CUP (Almost 2.5 years ag)
- DATE: Received Staff Application Status Letter deeming Application Complete, seeking CUP Date

Based on Public Records and confirmation by City Staff, we were the 5th Application for a CUP. Yet we watch Stiiizy, Nectar, Off the Charts and Culture and 20 other Applications leapfrog us. And we have no reason why. We can't explain to the Property Owner nor our Investors. We are watching the process and are concerned that only Applicants who take legal action against the City can get answers from the City.

City Council, we will be sharing our facts with you in hopes you can help us get answers as we seek a viable path forward without considering legal action to do so. Please help?

Thank you, George Hannawi Owner MedLeaf Costa Mesa

HIGH SEAS

1 (424) 732-9333 1921 Harbor Blvd, Costa Mesa California, 92627 www.shophighseas.com

To: The City Council and Staff of Costa Mesa

Date : March 18, 2024

Dear Mayor Stephens, City Council Members and City Staff Members,

I am writing to you today to share some of my concerns and comments on Public Hearing Item #1 for the March 19th City Council meeting, the modification of the City's cannabis ordinance.

There are four items in particular which I would like to address and share some thoughts on:

- Modification of the ordinance to allow for the word "cannabis" to be used in business signage.
- Modification of the ordinance to remove the requirement for a 24-hour security guard, and only require a licensed and bonded security guard to be on duty during the businesses' operational hours.
- Reduction of the City's badge fees and adjustments to the badging process.
- Modification of the expectations and rules surrounding Measure X priority status being directly tied into Measure Q retail permits.

1) Modification of the ordinance to allow for the word "cannabis" to be used in business signage.

- As you may already know, we are currently required to post signs outside of each store entrance notifying customers that we are a cannabis store, so adding another sign with the word "cannabis" in minimal font size by each entrance does not really accomplish anything.
- The intent of our request to be able to have the word "cannabis" in our storefront signage is two-fold: The first is so we can limit/deter the amount of individuals who are under 21 from even entering our parking lot and adding to potential parking circulation issues, as well as having to turn away individuals at the door who are under 21 away because they are not sure what kind of business we are until they get right up to the door this can be very frustrating for community members, even those who cannot be our customers. The second reason is because it is **extremely important** for us to be able to let consumers over 21 years of age know what we do and what kind of a store we are I cannot tell you how many people have driven by High Seas over the last several months and have said they thought its' a fish store or a boat store and have asked why we don't have the word cannabis store in our signage to make it clear what kind of business we are. I do not have

a good answer for them, and I am hoping that this can be rectified with the modification of this ordinance.

- As you know High Seas is on Harbor Blvd and 19th and there are over 60k cars that drive through this intersection a day and so it is extremely important we are able to have the word cannabis under our name High Seas. It is what identifies our business similar to any other business like "Whole Foods" or "Ace Hardware" or "Rubio's Coastal Grill". I understand the ordinance not allowing for us to have images of cannabis, but I think it's crazy we cannot use the single word "cannabis "under our store name to identify our type of business. Every liquor store in the City is allowed to have the word liquor next to the business name (often even bigger than the name of the business itself) while this may not be agreeable to all, it is permitted, and we would like to have the same rights as any other business identification signage to be treated like all the other business identification signage in the City. We need to be able to have the word cannabis underneath our store name so it's clear what kind of a store we are.
- Additionally, for folks driving by who do not know what kind of store High Seas is but then see the word cannabis underneath might otherwise never stop into our store if there is no identification of what our business is below our name. We will lose new customers this way, and the City will lose tax revenue this way.
- Lastly, it is important to remember that the Planning Department has the final say for any signage plan meaning each operator must submit a sign plan to the City for review and approval. Should the City deem that the word cannabis is being used inappropriately as part of business signage, the City has the ability to ask the operator to adjust or amend. This means that the city still maintains oversight over each business's signage, even if they ordinance is amended to allow for the word Cannabis to be part of the business signage.

2) Modification of the ordinance to remove the requirement for a 24-hour security guard, and only require a licensed and bonded security guard to be on duty during the businesses' operational hours.

- As you know the cost involved with employing a properly licensed and bonded security guard is extremely expensive (typically \$35-\$40 an hour for a quality guard + time and a half on holidays – which can add up to over \$150k per year for an overnight guard shift) and the track record of the stores open so far show that it's not necessary to have an overnight guard - there have been *very* limited service calls to the retail cannabis stores that have been open to date. I believe Mr. Fitzpatrick has shared the data an information with the Council on this already.
- Additionally, I know Mr. Fitzpatrick forwarded some letters from security experts and former law enforcement officials who are actively involved in our industry. As you know we already are required to have a robust security system to open our stores the whole point of these robust security systems is to allow them to deal with potential criminals and intruders in a non-combative way. When no one is at the store at night and the only person around is a security guard, there is a strong chance there will be a confrontation should criminals try to break into the store, possibly leading to violence and injury. Additionally, it's very uncomfortable for a store owner to give a key/alarm code to an overnight guard, with the fear of who to trust and who not to trust. Many cannabis dispensaries that get robbed start with inside jobs. When we lock up the store for the night, we would prefer to set our security systems on and not have to worry about giving a guard access to use the

restroom, etc with the chance that he might have some bad intentions and could be casing the place out for someone else.

• We are in full agreement with having a security guard during operational hours, as we want to ensure that our customers and our staff members are always safe. However, once the store closes for the evening, we would much rather let the security system do its job instead of being required to add a guard to the mix, which could create a bunch of other additional problems and liabilities that we need to worry about as business owners.

3) Reduction of the City's badge fees and adjustments to the badging process.

- As the City is aware, each badge costs the cannabis operator \$631 which is a heavy cost. A retail store like High Seas is going to have somewhere around 30 employees at its peak, which means almost \$19k in badge fees for our business this is an insane cost for badging and, to date, is unheard of in any surrounding cities. In many cases, cities like Santa Ana do not even require badging to be done through the city anymore and leave it to the responsibility of the operator.
- Additionally, it often takes a significant amount of time to process new employee badges (in our experience, it can be a couple of weeks) which causes delays in workflow, as well as a massive disruption to business operations. In many cases, by the time a badge comes back for an employee, the employee has already changed his or her mind and therefore the business just spent money to get a badge it no longer needs. Many employees do not make it through orientation and training because the badge process takes too long.
- Another issue is the City issued badge is not DCC state compliant, therefore another badge must also be produced.
- We are asking for two things: the badge fee be *significantly* reduced to make it more financially sustainable for cannabis operations with high volume of employees or high turnover of employees, as well as a guaranteed timeline that is reduced to a matter of a few days instead of weeks as to not seriously disrupt business flow operations.

4) Modification of the expectations and rules surrounding Measure X priority status being directly tied into Measure Q retail permits.

- The industry in Costa Mesa believes the City's intent behind interlocking the Measure X priority with Measure Q retail businesses was to ensure that there would be no flipping of retail licenses prior to stores even being able to operate.
- Therefore, it makes some sense that a Measure X business needs to maintain its licensing and existing ownership structure *throughout the licensing process* for a Measure Q retail business. Unfortunately, however, the city did not think through all the possible scenarios that could arise once a Measure Q priority retail is open, many of which are extremely problematic.
- Of the many issues that have arisen, perhaps the most critical one is that Measure X businesses cannot cease operations for four years after the opening of the Measure Q priority business, or Measure Q license would be subject to revocation. Additionally, a Measure X business cannot surrender the Measure X CBP or DCC License, nor can a

Measure X business sell or change ownership greater than 51%, both of which completely handicap the Measure X business and essentially hold it "hostage" to the Measure Q business. This is not how the world works – as business owners we need the flexibility to be able to sell our Measure X businesses whenever we see fit, or in a worst case scenario, close down shop and relinquish our Measure X licenses because the business cannot survive and is no longer viable.

- The industry has had several legal teams review the currently legislation surrounding Measure X priority and Measure Q priority and most agree that if litigated, the City Rules and Regulations regarding these Measure X issues are not enforceable. Obviously, as business owners, we would prefer not to litigate and modify these rules now so that they make sense and give us flexibility with our businesses.
- Lastly, regarding the inability to have a major change in ownership for the first four years a Measure Q priority business is operational – once again, this is not how the real-world works. Once a Measure Q business is operational, the Measure X business should no longer be tied to it, and the Measure Q business should be allowed to participate in capitalism by deciding its own destiny. The government, with all due respect, should not have a say in whether that business can sell if a great opportunity arises to do so for the business, and in any case, the City will maintain the right to review new ownership that will need to get a new CBP anyway – so the City maintains oversight.
- We are asking the Council to clarify and amend these regulations so that Measure X businesses are no longer tied into Measure Q priority businesses, once the Measure Q priority business is operational, and that Measure X and Q businesses have the freedom to act as needed to bring in more capital, sell the business, or do whatever is necessary and best for the business.

Thank you for your time and your consideration on the above matters, all of which are of the utmost importance to the success of the legal retail cannabis industry in Costa Mesa. We want to succeed and in order to do so, we need the City's help to rectify these issues so that our businesses can be sustainable and hopefully grow over time.

Best,

Michael Moussalli Rachel Xin Matteo Tabib

Owners High Seas Cannabis Storefront and Delivery

| From: | Joseph Zappala DC DACBSP |
|----------|---------------------------------------|
| То: | CITY CLERK |
| Subject: | March 19th, 2024 City Council Meeting |
| Date: | Monday, March 18, 2024 8:24:11 PM |

Re: CITY COUNCIL FIRST READING OF ORDINANCES TO AMEND TITLE 13 (PLANNING, ZONING AND DEVELOPMENT) AND TITLE 9 (LICENSES AND BUSINESS REGULATIONS) OF THE COSTA MESA MUNICIPAL CODE TO MODIFY THE CITY'S RETAIL CANNABIS PROVISIONS AND FIND THIS PROJECT TO BE CATEGORICALLY EXEMPT FROM CEQA

I would like to speak on the subject of signage for cannabis dispensaries in the City of Costa Mesa tomorrow night. I have prepared remarks regarding this issue as well as some ideas to help identify the dispensaries in our city. Any business that wants to stay in business needs to let its customers know **who they are, what they do, and where they are located**. The people of Costa Mesa overwhelmingly voted in favor of establishing retail cannabis dispensaries in our City. One of the promises made to the voters in the measure was to get rid of the black market and help clean up the city and at the same time prevent people from consuming unsafe and unregulated products in our city limits. The funding for this was to come from the taxes and fees imposed on the dispensaries. Looking at the first year's numbers reveals that the mark was missed by more than 50%. We can do better.

Primary Goals

- 1. Keep the dispensaries in business
- 2. Increase the tax revenue for the city

I will present specific information and ideas on this subject and offer some suggestions to start helping the public find these dispensaries and prevent people from entering businesses they did not intend to.

Joseph M. Zappala' D.C. DACBSP® Director of Sports Medicine- South West Health Spine & Sport 1122 Bristol St Costa Mesa, CA 92626 949-631-5226 Sports Medicine | Dr. Zappala | United States (drzappala.com) www.swhprofessionalcenter.com https://www.facebook.com/SportsMedicineChiropractorCostaMesa

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Costa Mesa City Council,

Although we are happy to see that some progress is being made toward reasonable guidelines, we do not agree with allowing a maximum of 30 conditional use permits for Cannabis Dispensaries. Although this is clearly an improvement from an unlimited number, it is still far too high a number considering the population of Costa Mesa.

Compared with other cities: San Diego has 1 dispensary for every 39,000 people Los Angeles: 1 for every 16,000 Long Beach: 1 for 11,600 Santa Ana: 1 for every 11,000 Vista: 1 for every 10,000.

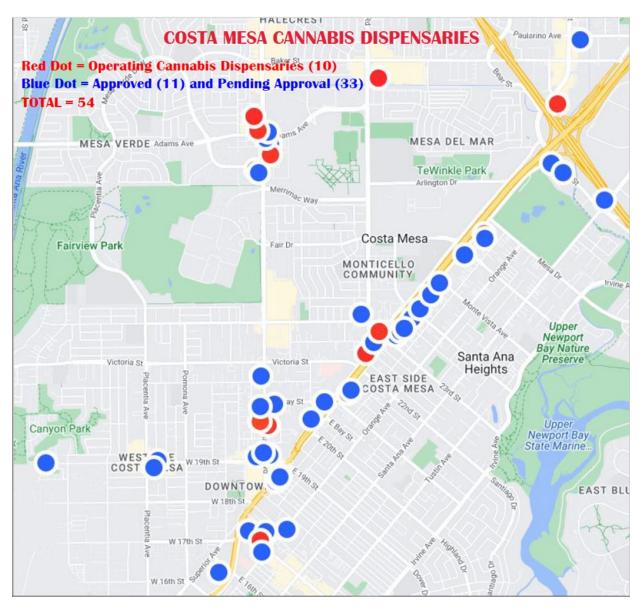
At 30 dispensaries, Costa Mesa will have 1 dispensary for every 3,650 people – close to 3x the number of the most saturated city – and that's just comparing us to the worst case. If, according to the proposed revisions, the goal is for 15 dispensaries, then why allow 30 permits to be approved when we know that is not in the best interest of our city? And it's highly likely that 30 permits now, will mean 30 permits for the foreseeable future, as even failing businesses will find a way to work the system and make sure the cannabis permit remains in operation. So, we ask that you stop issuing any further conditional use permits for Cannabis Storefronts, which would leave us at a current max of the 22 permits already issued, and work down to 15 from there.

Some will say that isn't fair to the businesses that have been through this submittal process for the last few years, and that may be true. But what really isn't fair is the way that the public was completely left out of the process when the regulations were created in 2021. The ad hoc committee that was created to help develop the regulations did a really thorough job of reaching out to the cannabis industry about what they wanted, with zero outreach to the residents of Costa Mesa. Now we are being asked to live with the mess that was created because a few of our leaders had a vision of Costa Mesa as a cannabis mecca with an unlimited number of dispensaries, and pushed through a poorly thought out set of regulations.

Also, we would like to see health warnings posted at every store (a recommendation by Council Member Reynolds), and a portion of the cannabis taxes allocated toward marijuana prevention/education programs at every middle school and high school in the Newport Mesa Unified school district.

At the very least, we hope that you act quickly to approve all of the Planning Commission's recommendations for a cap, buffer distances between dispensaries, and buffer distances between dispensaries and residences.

For illustration, here is a map of existing and future Costa Mesa Cannabis Dispensaries if all of the 31 pending applications are allowed to proceed (in addition to the already approved Permits) – it's ridiculous and sad for our city:



Thank you,

Sean and Janet Loftus 26 year Costa Mesa Residents Esther Street

| From: | Mike Hannegan |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| To: | <u>CITY CLERK</u> |
| Subject: | Re: CITY COUNCIL FIRST READING OF ORDINANCES TO AMEND TITLE 13 (PLANNING, ZONING AND DEVELOPMENT) AND TITLE 9 (LICENSES AND BUSINESS REGULATIONS) OF THE COSTA MESA MUNICIPAL CODE TO MODIFY THE CITY'S RETAIL CANNABIS PROVISIONS AND FIND THIS PROJECT TO |
| Date: | Tuesday, March 19, 2024 9:25:05 AM |

Hello,

Ladies and gentlemen of the City Council, esteemed members of our community, and distinguished guests, Thank you for allowing me the opportunity to speak today on a matter of significant importance to our city's future - the marketing and advertising of marijuana dispensaries in Costa Mesa. In recent years, we have witnessed a dramatic shift in the societal and legal landscapes surrounding cannabis. What was once vilified is now recognized for its medicinal benefits and as a source of revenue for communities like ours. The legalization of marijuana in California has opened up new economic pathways, and it's crucial that our city aligns itself with these evolving norms while ensuring public safety and community values are upheld. Firstly, allowing dispensaries to market and advertise is a step towards eliminating the stigma associated with marijuana use. For too long, misconceptions and misinformation have clouded the public's understanding of cannabis. Through regulated marketing, dispensaries can educate the public about the benefits of medical marijuana and responsible adult use. Education is a powerful tool in transforming perceptions, fostering a community that understands the importance of responsible consumption. Secondly, regulated advertising can significantly contribute to our local economy. By embracing this new industry, Costa Mesa can benefit from increased tax revenue, which can be reinvested into our community. These funds could support public services, infrastructure projects, and educational programs, enhancing the quality of life for all residents. Moreover, the growth of the cannabis industry can stimulate job creation, providing employment opportunities for our citizens. It's important to emphasize that advocating for the marketing and advertising of marijuana dispensaries does not mean an unregulated free-for-all. We propose strict guidelines to ensure that advertisements are not targeted at minors, promote safe consumption, and are placed in appropriate venues. By implementing these controls, we can safeguard our community's wellbeing while still embracing the economic potential that legalized cannabis offers. Furthermore, allowing dispensaries to advertise can help in combating the illicit marijuana market. Consumers are more likely to turn to licensed and regulated dispensaries when they are aware of their existence, their offerings, and the safety standards they adhere to. This shift not only protects our citizens by ensuring they have access to safe, tested products but also contributes to public safety by reducing illegal activities related to unregulated marijuana sales. In conclusion, the question before us is not whether cannabis should be a part of our community - that ship has sailed with the legalization of marijuana in California. Instead, we must decide how we can integrate this industry into our city in a way that promotes economic growth, ensures public safety, and respects the values of our residents. Allowing dispensaries to market and advertise, within a framework of strict regulations, is a step forward in achieving these goals. I urge you to consider the benefits that a regulated approach to cannabis marketing and advertising can bring to Costa Mesa. Let us lead the way in demonstrating how a community can embrace change responsibly, ensuring a brighter future for all our residents. Thank you for your attention, and I look forward to your support on this matter.

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My name is Dianet

I am a store manager at MedLeaf Delivery. I started with their Cannabis Delivery and participated with my Team to demonstrate to the City of Oceanside that MedLeaf should be granted a permit for a Cannabis Retail Storefront.

And, after discussions with our Ownership, we set a goal that I would be the one to open and be the General Manager of our Costa Mesa Store.

We were so excited about Costa Mesa.

All the feedback we were getting was positive.

We were told that we would be one of the first stores to move forward to the Planning Commission.

We received our Application Status Letter indicating our Conditional Use Permit Application was deemed complete, 18 months ago.

We watched the City develop programs for Social Equity, and push for the Unions in an employee friendly environment.

Our Team worked very hard to comply with every aspect of the Application Process, in the most regulated industry I know of.

Then that great experience changed and the good communication we experienced stopped.

We did everything the City requested of us and then nothing.

We then observed several other Applications move ahead of us.

MedLeaf is not one of the large, multi store operations with many investors.

We are the small group who have put our valuable money and even more valuable time into something we believe in.

The way we are being treated is not fair, and maybe not the way the City Council intended this process to go.

I share this story so that I can put a face to the story.

We at MedLeaf ask the City Council to help us. We deserve the opportunity to go to the Planning Commission.

The City report we just saw says our Application is in the CUP Phase and is being "actively" processes

Trouble is, there is nothing "active' about it....

Thank you,

Dianet Mendez

To The Costa Mesa City Council Members:

Here are some items that The Masters Circle Neighbors have regarding amending Title 24-05813 & Title 9:

1. That dispensaries are at least 500 ft or more from residences. (Currently that's what the map is showing).

2. Sensitive use areas currently don't include but should include: addiction rehabilitation/recovery homes & mental health recovery homes and they should be 1000 feet from the dispensaries like youth centers, etc It is not only right but critical that we protect our most vulnerable.

3. Cap & or limit cannabis dispensaries to 30 total or less

We are counting on you to protect Costa Mesa residents. Thank you for your time in this matter

Schellie Walsh Home owner on The Masters Circle Costa Mesa, CA

Good evening, Mayor, and City Council Members,

My name is Krisztian Bocs, owner of MedLeaf, a Measure Q Applicant at 2285 Newport Blvd, next to Angels Auto Spa and Car Wash.

My partners and I were so excited to see Measure Q pass in Costa Mesa in the fall of 2020.

Right away, we contacted planning and started working towards the licensing process.

We followed all the rules and regulations that were required and submitted everything on time.

The City staff and planning were excellent to work with. We were deemed complete on June 23, 2022, and the city planner and Assistant Development Director told us that we would have our Planning commission hearing within a month.

I stand before you today, almost two years later, and we still have not had our planning commission hearing and can't get an answer from that city at all.

I am a local businessman, husband, and father of 3 kids. My youngest son is 16 months.

This has caused my family a huge financial hardship. My partners and I invested our life savings into this project in Costa Mesa well over 500,000 and counting.

I am here to humbly ask for your assistance in proceeding to the next level that we have worked so hard for. .

Thank you,

Krisztian

Best Regards, Krisztian Bocs Chief Financial Officer

kris@shopmedleaf.com

Mobile: (714) 315-7010 | Fax: 1 (888) 598-7045

MedLeaf | BCC# C9-0000300-LIC

www.shopmedleaf.com

| From: | Becky Kelley |
|----------|------------------------------------|
| То: | CITY CLERK |
| Subject: | Marijuana dispensaries |
| Date: | Tuesday, March 19, 2024 4:09:00 PM |

I have emailed the Mayor about this mess that Costa Mesa has created with these marijuana dispensaries that are all over our town and neighborhoods. He has ignored my email.

Other than greed and dollar signs, what were you all thinking when the dispensaries were approved for business. And lots more are pending approval??? I am begging you all to vote no to any future permits and I beg you to get rid of the ones already functioning. They are a hazard to our community and a huge embarrassment. They bring out the worst people into our once cute little town. It's bad enough the homeless are allowed to sleep on sidewalks, but now we get to smell pot and have to try to avoid all the druggies that the dispensaries attract.

Please stop. I'm ready to move out of Costa Mesa because of it.

Thank you, Becky Kelley A registered voter, grandmother and a tax payer