

RESOLUTION NO. 2023-xx

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COSTA MESA, CALIFORNIA, TO OVERTURN THE PLANNING COMMISSION'S DECISION AND APPROVE PLANNING APPLICATION 22-21 FOR A RETAIL CANNABIS STOREFRONT BUSINESS LOCATED AT 2001 HARBOR BOULEVARD, SUITES 101-103 (SOUTH COAST SAFE ACCESS)

THE CITY COUNCIL OF THE CITY OF COSTA MESA HEREBY FINDS AND DECLARES AS FOLLOWS:

WHEREAS, Planning Application 22-21 was filed by Randall Longwith with Costa Mesa Access, Inc. dba South Coast Safe Access, authorized agent for the property owner, Vaccher Family Trust, requesting approval of the following:

A Conditional Use Permit to operate a storefront retail cannabis business within a 3,720-square-foot tenant space within an existing commercial building located at 2001 Harbor Boulevard, Suites 101, 102, and 103. The business would sell pre-packaged cannabis and pre-packaged cannabis products directly to customers onsite, subject to conditions of approval and other City and State requirements;

WHEREAS, a duly noticed public hearing was held by the Planning Commission on November 28, 2022 with all persons having the opportunity to speak for and against the proposal, and the project was denied by the Planning Commission on a 4-2 vote;

WHEREAS, an appeal of the Planning Commission's denial of the project was filed on December 5, 2022;

WHEREAS, a duly noticed public hearing was held by the City Council on February 21, 2023 with all persons having the opportunity to speak for and against the appeal;

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;

NOW, THEREFORE, based on evidence in the record and the findings contained in Exhibit A, and subject to the conditions of approval contained within Exhibit B, the City Council hereby overturns the decision of the Planning Commission and APPROVES Planning Application 22-21.

PASSED AND ADOPTED this 21st day of February, 2023.

John Stephens, Mayor

ATTEST:

APPROVED AS TO FORM:

Brenda Green, City Clerk

Kimberly Hall Barlow, City Attorney

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

I, BRENDA GREEN, City Clerk of the City of Costa Mesa, DO HEREBY CERTIFY that the above and foregoing is the original of Resolution No. 2023-XX and was duly passed and adopted by the City Council of the City of Costa Mesa at a regular meeting held on the 21st day of February 2023, by the following roll call vote, to wit:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

IN WITNESS WHEREOF, I have hereby set my hand and affixed the seal of the City of Costa Mesa this 21st day of February 2023.

Brenda Green, City Clerk

EXHIBIT A

FINDINGS

- A. Pursuant to CMMC Section 13-29(g), when granting an application for a conditional use permit, the review authority shall find that the evidence presented in the administrative record substantially meets required findings. 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 Finding:

The subject site is located within the C2 Zoning District (General Business District). The CMMC defines the C2 zone as “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.” The subject property is located on Harbor Boulevard, one of the City’s major arterials. The General Plan states that, “The Harbor Boulevard commercial corridor accounts for almost one-third of the City’s commercial land. Businesses along the boulevard account for 40 percent of the City’s total retail sales...” Adjacent uses along the corridor include several multi-tenant commercial centers with a variety of commercial businesses (automotive, pharmacies, medical office, and other retail).

Pursuant to the CMMC, cannabis retail storefronts are conditionally permitted uses in the City’s commercial zones and are subject to extensive regulation (as specifically described in this report). These regulations are adopted to prevent land use inconsistencies with adjacent properties. Additionally, the proposed cannabis retail storefront use is not located within 1,000 feet of a K-12 school, playground, licensed child daycare, or homeless shelter, or within 600 feet of a youth center. All retail sales would take place underroof, no outdoor storage or sales are proposed nor would be allowed.

The proposed storefront would be located in the first floor suites closest to Harbor Boulevard, with hours of operation limited to 7 AM and 10 PM. The existing counseling use on the second floor is approved to serve clients between 9 AM and 9 PM, with staff onsite between 8 AM and 10 PM. While this use is inconsistent with the proposed retail cannabis use, evidence was presented to the City Council that the counseling use on site will be discontinued by the end of April 2023 due to a lack of agreement on lease terms. The electronic and warehousing uses are located in the middle and rear of the subject property, closest to Charle Street. Based on the existing and anticipated uses, no history of complaints regarding the existing operations on the site, and observations of ample parking, staff does not anticipate that the use would be materially detrimental to adjacent nonresidential uses, nearby residents, nor the existing businesses onsite,

provided that the counseling business moves to another location as the City was advised.

However, the parking lot access to Charle Street is currently developed with a vehicle gate that can restrict ingress and egress to the site from the adjacent residential street. In order to ensure that the proposed storefront does not increase traffic conditions on Charle Street, a proposed condition of approval has been included in the attached Resolution that requires that gate to be closed and locked between 6:00 PM and 8:00 AM.

The use would be conditioned to be compliant with applicable local and State laws and to minimize potential impacts to surrounding properties. Staff does not anticipate that the proposed retail cannabis use would be materially detrimental to the adjacent uses. Therefore, the retail cannabis use would be compatible with other properties within the area, and in compliance with local and State requirements.

Finding: *“Granting the conditional use permit or minor 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 the Finding: The applicant submitted evidence that the drug and alcohol recovery counseling service located above the proposed cannabis retail storefront use will be moving offsite by the end of April 2023. In addition, 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 would be onsite at all times 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, exterior loading and unloading, 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 or minor 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 the 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 and the proposed retail cannabis establishment would occupy vacant spaces within an existing multitenant commercial building that includes office, retail, and warehousing uses. The previous occupants of the subject suites were leased for other retail and office uses and, therefore, approving the CUP would not increase site intensity. As stated in the General Plan Land Use Element, 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 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 use. This project site contains an existing commercial building that has been used for commercial activities and the application does not propose an increase in floor area or other expansion of the existing or 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.
- 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

- Plng.
1. The use of this property as a cannabis storefront (without delivery to customers) 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 the 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 (storefront only) and under an active Cannabis Business Permit and State Type 10 license (no delivery proposed nor approved), 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 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. If the plans are submitted in 2022, development shall comply with the requirements of the following adopted codes: 2019 California Residential Code, 2019 California Building Code, 2019 California Electrical Code, 2019 California Mechanical Code, 2019 California Plumbing Code, 2019 California Green Building Standards Code and 2019 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 2019 California Building Code. Costa Mesa shall begin using the 2022 California Building Code on January 1, 2023.
- 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-22-01. 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-22-21

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. 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 21. 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 22. 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.
23. 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 24. 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.
25. 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.
- 26. The City Manager or designees may enter this business at any time during the hours of operation without notice, and inspect all areas 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. It is a violation of this use permit 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 of the business or areas within and/or associated with the business. If business areas are located behind access controlled (locked) doors, these areas shall be opened/available immediately for inspection upon request. If areas of the business are not available to the City Manager or designees for inspection upon immediate request, the Cannabis Business Permit (CBP) shall be subject to revocation pursuant to Costa Mesa Municipal Code section 9-120.
 - 27. 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.
 - 28. 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.
 - 29. 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.
 - 30. 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.

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 22-21 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 air quality/odor control device specification sheets. Plan check submittal shall also include a bicycle rack, parking lot resealing and restriping, and a landscape plan that complies with CMMC requirements (and replaces the lawns along Harbor Boulevard and tree well ground cover with low water use plants). The minimum container size for proposed plants is 5 gallons and the minimum container size for any new trees is a 24-inch box.
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. The plans and business operator shall comply with the requirements of the 2019 California Fire Code, including the 2019 Intervening Update and referenced standards as amended by the City of Costa Mesa.
8. The Traffic Impact Fee as calculated by the Transportation Services Division shall be paid in full.
9. The applicant shall submit a lighting plan to the Planning Division for review and approval. The lighting plan shall show locations of all security lighting. As determined by the Director of Economic and Development Services or their designee, a photometric study may be required to demonstrate compliance with the following: (a) lighting levels on the property including the parking lot shall be adequate for safety and security

purposes (generally, at least 1.0 foot candle), (b) lighting design and layout shall minimize light spill at the adjacent residential property line and at other light-sensitive uses (generally, no more than 0.5-footcandle at the property line), and (c) glare shields may be required to prevent light spill.

10. 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 (table) of conditions of approval explaining how each was met prior to issuance of a Cannabis Business Permit.
2. The applicant shall pay the 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;
 - 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 applicant, property owner and/or the operator shall obtain and maintain at all times during the term of the permit comprehensive general 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 the 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 customers, employees and vendors to use consideration when entering their vehicles and leaving the parking lot. 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 shall be limited to the hours between 7:00 AM and 10:00 PM.
3. At least one security guard shall be onsite at all times.
4. The operator shall maintain free of litter all areas of the property under which applicant has control.
5. The use shall be conducted, at all times, in a manner that will allow the quiet enjoyment of the surrounding neighborhood. The operator shall institute appropriate security and operational measures as necessary to comply with this requirement.
6. 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, employee shuttle service from an approved location with excess parking, reducing operating hours of the business, hiring an employee trained in traffic control to monitor parking lot use and assist with customer parking lot circulation, encouraging customers to take advantage of online ordering for a faster pick-up, limiting the number of employees that park onsite, incentivizing employee carpooling/cycling/walking and obtaining approval of offsite parking.
7. During their work shift, employees shall not park on residential streets or within residential neighborhoods.
8. The vehicle gate adjacent to Charle Street shall remain closed and locked between the hours of 6:00 PM and 8:00 AM. KnoxBox access shall be provided to the Costa Mesa Fire Department and Costa Mesa Police Department.
9. All employees must wear an identification badge while on the premises of the business and/or performing deliveries, 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. Vendor supply vehicle loading and unloading shall only take place within direct unobstructed view of surveillance cameras, located in close proximity to the limited access door, as generally described in the staff report and 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 vendor unloading. Video surveillance cameras shall be installed on the exterior of the building with direct views of doors. Any modifications or additional vehicle unloading areas shall be submitted to the Director of Economic and Development Services or designee for approval.
11. The sale, dispensing, or consumption of alcoholic beverages on or about the premises is prohibited.
12. No outdoor storage or display of cannabis or cannabis products is permitted at any time.
13. Cannabis shall not be consumed on the property at any time, in any form.
14. The owner/operator shall prohibit loitering on and within fifty (50) feet of the property.
15. 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.
16. The owner or operator shall maintain air quality/odor control devices by replacing filters on a regular basis, as specified in the manufacturer specifications.
17. 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.
18. 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.
19. 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.