



# **City of Costa Mesa**

## **PLANNING COMMISSION**

### **Agenda**

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**Monday, April 11, 2022**

**6:00 PM**

**City Council Chambers**  
**77 Fair Drive**

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The Commission meetings are presented in a hybrid format, both in-person at City Hall and virtually via Zoom Webinar. Pursuant to the State of California Assembly Bill 361(Gov. Code §54953(b)(3)) Commission Members and staff may choose to participate in person or by video conference.

You may participate via the following options:

1. Attending in person: It is recommended that all persons regardless of vaccination status continue to wear a mask while indoors at City Hall or the Council Chambers.
2. Members of the public can view the Commission meetings live on COSTA MESA TV (SPECTRUM CHANNEL 3 AND AT&T U-VERSE CHANNEL 99) or [http://costamesa.granicus.com/player/camera/2?publish\\_id=10&redirect=true](http://costamesa.granicus.com/player/camera/2?publish_id=10&redirect=true) and online at [youtube.com/costamesatv](https://www.youtube.com/costamesatv).

### 3. Zoom Webinar:

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Or sign into Zoom.com and “Join a Meeting”

Enter Webinar ID: 960 6037 9921 / Password: 595958

- If Zoom is not already installed on your computer, click “Download & Run Zoom” on the launch page and press “Run” when prompted by your browser. If Zoom has previously been installed on your computer, please allow a few moments for the application to launch automatically.
- Select “Join Audio via Computer.”
- The virtual conference room will open. If you receive a message reading, “Please wait for the host to start this meeting,” simply remain in the room until the meeting begins.
- During the Public Comment Period, use the “raise hand” feature located in the participants’ window and wait for city staff to announce your name and unmute your line when it is your turn to speak. Comments are limited to 3 minutes, or as otherwise directed.

Participate via telephone:

Call: 1 669 900 6833 Enter Webinar ID: 960 6037 9921 / Password: : 595958

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

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

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

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

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

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

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

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

As a LEED Gold Certified City, Costa Mesa is fully committed to environmental sustainability. A minimum number of hard copies of the agenda will be available in the Council Chambers. For your convenience, a binder of the entire agenda packet will be at the table in the foyer of the Council Chambers for viewing.

The City of Costa Mesa aims to comply with the Americans with Disabilities Act (ADA) in all respects. If, as an attendee or a participant at this meeting, you will need special assistance beyond what is currently provided, the Clerk's office will attempt to accommodate in a reasonable manner. Please contact the City Clerk's office 24 hours prior to the meeting to inform us of your particular needs and to determine if accommodation is feasible 714-754-5225 or at [cityclerk@costamesaca.gov](mailto:cityclerk@costamesaca.gov). El objetivo de la Ciudad de Costa Mesa es cumplir con la ley de Estadounidenses con Discapacidades (ADA) en todos los aspectos. Si como asistente o participante en esta reunión, usted necesita asistencia especial, más allá de lo que actualmente se proporciona, la oficina del Secretario de la Ciudad intentara de complacer en una forma razonable. Favor de comunicarse con la oficina del Secretario de la Ciudad con 24 horas de anticipación para informarnos de sus necesidades y determinar si alojamiento es realizable al 714-754-5225 o [cityclerk@costamesaca.gov](mailto:cityclerk@costamesaca.gov).

**PLANNING COMMISSION REGULAR MEETING**

**MONDAY, APRIL 11, 2022 - 6:00 P.M.**

**BYRON DE ARAKAL**  
Chair

**JON ZICH**  
Vice Chair

**DIANNE RUSSELL**  
Planning Commissioner

**RUSSELL TOLER**  
Planning Commissioner

**ADAM ERETH**  
Planning Commissioner

**JOHNNY ROJAS**  
Planning Commissioner

**JIMMY VIVAR**  
Planning Commissioner

**TARQUIN PREZIOSI**  
Assistant City Attorney

**JENNIFER LE**  
Director of Economic and  
Development Services

**CALL TO ORDER**

**PLEDGE OF ALLEGIANCE**

**ROLL CALL**

**ANNOUNCEMENTS AND PRESENTATIONS:**

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

**COMMISSIONER COMMENTS AND SUGGESTIONS**

**CONSENT CALENDAR: None.**

**PUBLIC HEARINGS:**



1. [PLANNING APPLICATION 22-10 - REQUEST FOR A CONDITIONAL 22-653 USE PERMIT TO ALLOW FOR A PUBLIC COURTHOUSE AT 3390 HARBOR BOULEVARD](#)

RECOMMENDATION:

Staff recommends that the Planning Commission continue this item to the next Planning Commission meeting of April 25, 2022.

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

2. [PLANNING APPLICATION 21-19 FOR A CANNABIS 21-551 NON-STOREFRONT RETAIL USE \(WINTER GREENS\) AT 3590 CADILLAC AVENUE, UNIT A](#)

RECOMMENDATION:

Staff recommends that the Planning Commission adopt a Resolution to:

1. Find that the project is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) per CEQA Guidelines Section 15301 (Class 1), Existing Facilities; and
2. Approve Planning Application 21-19, subject to conditions of approval.

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

[1. Planning Commission Draft Resolution](#)

[2. Applicant Letter](#)

[3. Vicinity Map](#)

[4. Zoning Map](#)

[5. Site Photos](#)

[6. Project Plans](#)

[7. Public Comment](#)

3. [PLANNING APPLICATION 21-12 FOR A CANNABIS 21-554 MANUFACTURING, DISTRIBUTION AND NON-STOREFRONT RETAIL FACILITY \("DYRECT #4"\) AT 3595 CADILLAC AVENUE, UNIT 102](#)

RECOMMENDATION:

Staff recommends that the Planning Commission adopt a Resolution to:

1. Find that the project is categorically exempt from the provisions of the California Environmental Quality Act (CEQA), per CEQA Guidelines Section 15301 (Class 1), Existing Facilities; and
2. Approve Planning Application 21-12, subject to conditions of approval.

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

[1. Planning Commission Draft Resolution](#)

[2. Applicant Letter](#)

[3. Vicinity Map](#)

[4. Zoning Map](#)

[5. Site Photos](#)

[6. Measure X Maps](#)

[7. Project Plans](#)

[8. Public Comment](#)

**OLD BUSINESS: None.**

**NEW BUSINESS: None.**

**DEPARTMENT REPORTS:**

**1. PUBLIC SERVICES REPORT**

**2. DEVELOPMENT SERVICES REPORT**

**CITY ATTORNEY REPORTS:**

**1. CITY ATTORNEY**

**ADJOURNMENT**

**Next Meeting: Planning Commission regular meeting, April 25, 2022 - 6:00 P.M.**



# City of Costa Mesa

## Agenda Report

77 Fair Drive  
Costa Mesa, CA 92626

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**File #:** 22-653

**Meeting Date:** 4/11/2022

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**TITLE:**

**PLANNING APPLICATION 22-10 - REQUEST FOR A CONDITIONAL USE PERMIT TO ALLOW FOR A PUBLIC COURTHOUSE AT 3390 HARBOR BOULEVARD**

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

**PRESENTED BY: CHRIS YEAGER, ASSOCIATE PLANNER**

**CONTACT INFORMATION: CHRIS YEAGER; 714.754.4883;  
Christopher.Yeager@costamesaca.gov**

**DESCRIPTION:**

Planning Application 22-10 is a request for a Conditional Use Permit (CUP) to allow for the Orange County Superior Court (OCSC) to establish a temporary public courthouse use within the MP zone while the Santa Ana location is renovated. The project proposes various tenant improvements to allow for eight courtrooms, eight private offices for each judge, space for legal and administrative support, and general public areas for court activities. The primary use of the facility will be for small claims and probate issues with the majority of the cases being heard remotely via teleconference. The use will not have any jurors, no criminal proceedings will take place, and there will be no detention facilities on the premises.

**APPLICANT OR AUTHORIZED AGENT:**

Carmen Twork is the authorized agent for the applicant, Harbor Associates.

**RECOMMENDATION:**

Staff recommends that the Planning Commission continue this item to the next Planning Commission meeting of April 25, 2022.



# City of Costa Mesa

## Agenda Report

77 Fair Drive  
Costa Mesa, CA 92626

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**File #:** 22-653

**Meeting Date:** 4/11/2022

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**TITLE:**

**PLANNING APPLICATION 22-10 - REQUEST FOR A CONDITIONAL USE PERMIT TO ALLOW FOR A PUBLIC COURTHOUSE AT 3390 HARBOR BOULEVARD**

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

**PRESENTED BY: CHRIS YEAGER, ASSOCIATE PLANNER**

**CONTACT INFORMATION: CHRIS YEAGER; 714.754.4883;  
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**APPLICANT OR AUTHORIZED AGENT:**

Carmen Twork is the authorized agent for the applicant, Harbor Associates.

**RECOMMENDATION:**

Staff recommends that the Planning Commission continue this item to the next Planning Commission meeting of April 25, 2022.



# City of Costa Mesa

## Agenda Report

77 Fair Drive  
Costa Mesa, CA 92626

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**File #:** 21-551

**Meeting Date:** 4/11/2022

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**TITLE:**

**PLANNING APPLICATION 21-19 FOR A CANNABIS NON-STOREFRONT RETAIL USE (WINTER GREENS) AT 3590 CADILLAC AVENUE, UNIT A**

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

**PRESENTED BY: MICHELLE HALLIGAN, PLANNING CONSULTANT**

**CONTACT INFORMATION: MICHELLE HALLIGAN; 714-754-5608;  
Michelle.Halligan@costamesaca.gov**

**RECOMMENDATION:**

Staff recommends that the Planning Commission adopt a Resolution to:

1. Find that the project is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) per CEQA Guidelines Section 15301 (Class 1), Existing Facilities; and
2. Approve Planning Application 21-19, subject to conditions of approval.

**APPLICANT OR AUTHORIZED AGENT:**

The applicant/authorized agent is Gary Todd Winter, Esq. of WGCM, LLC, for the property owner, Morton Cadillac, LLC.

**BACKGROUND:**

The subject 1.2-acre property is located on the east side of Cadillac Avenue, north of Scenic Avenue, and within a portion of the City's industrial area known as the "Green Zone." The property and adjacent general area is zoned MP (Industrial Park). A variety of cannabis uses can be permitted in the Green Zone, including manufacturing, distribution, and non-storefront retail (delivery to consumers).

Existing development on the site consists of a 20,732-square-foot multi-tenant industrial building with landscaping, trash enclosure, and a 54-stall surface parking lot. The proposed project location, Unit A, is a currently vacant, two-story 9,757-square-foot suite fronting Cadillac Avenue. A cannabis manufacturing, distribution, and delivery operator occupies the adjacent tenant space (Oil Haus, PA-17-38 A5/ZA-21-34 staff report:

<https://www.costamesaca.gov/home/showdocument?id=50000&t=637746639395829592>).

There are no open Code Enforcement cases on this property.

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

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

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

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

***Cannabis Business Permit Process***

Cannabis non-storefront (delivery) retail is a conditionally allowed use in certain commercial zones and in the Industrial Park zone. Prior to operations, a non-storefront retail applicant is subject to an extensive submittal and application review process and must obtain all of the following City approvals before obtaining State approval and conducting business in the City:

- Cannabis Business Permit Notice to Proceed
- Conditional Use Permit (or Minor Conditional Use Permit in specific circumstances)
- Building Permits (and final inspections by multiple departments and the City's cannabis consultant)
- Cannabis Business Permit
- Business License

The initial phase of the Cannabis Business Permit review includes a background check of the business owner/operator and an evaluation of the proposed business plan (including a capitalization analysis) and review of the proposed security plan by the City's cannabis consultant, HdL Companies. The applicant successfully passed these evaluations and staff issued a Notice to Proceed, which allows the applicant to continue to the next step in the review process and submit a Conditional Use Permit (CUP) application. A CUP application for the proposed project was subsequently filed and the application materials were reviewed by staff from Planning, Building, Public Services, Transportation, Fire, and Police.

If the CUP is approved, the applicant would begin the remaining steps of the CBP process. The

applicant must obtain building permits, complete building improvements, demonstrate through various City reviews that all conditions of approval have been satisfied, and that all other requirements of the CMMC have been met. After passing the final City and HdL Companies inspection, the CBP would be issued. CBP approval is valid for a two-year period and must be renewed prior to expiration. During the two-year permit period, the Community Improvement Division (CID), along with other City staff, will conduct inspections to verify that the operation complies with all CUP and CBP requirements. Violations identified during site visits may be grounds for the revocation of issued permits or for non-renewal of a CBP.

After obtaining the CBP, the applicant would apply for and obtain a City Business License. In addition to the CUP, CBP, and Business License, the applicant must obtain the appropriate license from the State Department of Cannabis Control prior to operating.

### **DESCRIPTION:**

Planning Application 21-19 is a request for a CUP to operate “Winter Greens,” a non-storefront retail cannabis (delivery only) business within an existing 9,757-square-foot tenant space at 3590 Cadillac Avenue, Unit A. Delivery vehicles would be parked inside the existing 5,060-square-foot warehouse.

The required State license is a Type 9 “non-storefront retailer.” A CUP, CBP, City Business License, and State license for non-storefront retail use would allow the business to deliver pre-packaged cannabis and other packaged cannabis products directly to off-site customers, subject to local and State conditions of approval and requirements.

Cannabis storefront retail, testing, manufacturing, and wholesale distribution are not proposed within this application. Cannabis cultivation is not proposed and is prohibited in Costa Mesa.

### **ANALYSIS:**

#### ***Non-Storefront Retail Use***

As described in the applicant’s letter (Attachment 2), the proposed project is a 9,757-square-foot non-storefront (delivery) retail facility including indoor delivery vehicle storage, loading, and unloading. The first floor of the facility would include a 5,060-square-foot warehouse, offices, dispatch, restrooms, a kitchen, a break room, and storage. The second floor would include offices, storage, and a conference room.

Under the Type 9 State license, only packaged products can be delivered directly to customers. Packaged products would arrive to the facility by vehicles operated by State-licensed distributors. Winter Greens will obtain a range of product types from multiple licensed distributors. The products would be unloaded by Winter Green’s authorized personnel in the warehouse and then transferred to limited access storage rooms, e.g. rooms only accessible to authorized personnel. No unsecured cannabis products would be stored in the warehouse.

Once ordered by customers, the packaged materials would be separated into specific orders and placed into a secured container. The secured containers are loaded into delivery vehicles inside the warehouse. No loading and unloading of cannabis products into delivery vehicles is proposed to take place outdoors. As proposed and conditioned, video surveillance cameras will be installed on the interior and exterior of the building with direct views of the exterior roll-up doors. Additional details are

provided in the Business Plan and Security Plan sections below.

Several salient State and local operating requirements applicable to non-storefront retail (delivery) operations are summarized below:

- All employees who deliver cannabis shall have valid identification and a copy of the Cannabis Business Permit (CBP) and State license at all times while making deliveries.
- All employees must be at least 21 years of age.
- Delivery to consumers is limited to the hours between 7 AM and 10 PM.
- All commercial cannabis retail businesses shall maintain proof of vehicle insurance for any and all vehicles being used to transport cannabis goods as required by State law.
- During delivery, the delivery employee shall maintain a physical or electronic copy of the delivery request and shall make it available upon request by the licensing authority and law enforcement officers. The delivery request documentation shall comply with State law.
- A licensed delivery employee shall not leave the State of California while possessing cannabis products and performing his or her duties for the cannabis retailer.
- A commercial cannabis retail business shall maintain a list of all deliveries, including the address delivered to, the amount and type of product delivered, and any other information required by the State.
- A manifest with all information required pursuant to local and State provisions shall accompany any delivery person at all times during the delivery process and delivery hours.
- Any delivery method shall be made in compliance with State law, as amended, including use of a vehicle that has a dedicated GPS device for identifying the location of the vehicle (cell phones and tablets are not sufficient).
- Each delivery request shall be entered into a point-of-sale tracking system and have a receipt prepared by the commercial cannabis retail business with the following information:
  - Name and address of the commercial cannabis retail business.
  - The name of the employee who delivered the order.
  - The date and time the delivery request was made.
  - The customer's first name, retail-assigned identification number, and delivery addresses.
  - A detailed description of the cannabis goods requested for delivery including the weight or volume, or any accurate measure of the amount of cannabis goods requested.
  - The total amount paid for the delivery including any fees or taxes.
  - The date and time delivery was made, and the signature of the person who received the delivery.
  - At the time of the delivery, the person receiving the delivery provides identification and must be at least 21 years old.
- No cannabis delivery vehicle shall display signs, decals or any other form of advertisement.
- Inspections by an authorized City representative may be conducted anytime during regular business hours.
- Delivery must be made to a physical address that is not on publicly owned land, a school, a day care, or a youth center.
- The delivery employee shall not carry cannabis goods valued in excess of \$5,000 at any time with no more than \$3,000 of cannabis goods that are not already part of a customer order that was processed prior to leaving the premises.



- Delivery must be made in person by a direct employee of the licensed retailer. An independent contractor, third-party courier service, or an individual employed through a staffing agency would not be considered directly employed by the licensed retailer.
- The delivery employee shall confirm the age of the buyer through entering government-issued identification information into an electronic age verification system.

### ***Business Plan***

The applicant provided a detailed business plan that was evaluated by the City's cannabis consultant, HdL Companies. The business plan described the owner's background, proof of capitalization, start-up budget, a three-year pro forma, target customers, and day-to-day operations. The business plan contains proprietary details and is therefore not included as an attachment to this staff report.

"Order fulfillment procedures" are an example of the day-to-day operations explained in the business plan. According to the applicant's business plan, orders would be placed via telephone or a secured online portal. In both methods, customers must register with the company prior to placing an order. The registration process includes age verification and uploading an acceptable government-issued identification card. After a registered customer places an order, the dispatcher will group the pre-packaged products in an unmarked package within a secured storage area. The items would be stored until the agreed-upon delivery window of time. At the appropriate time, a batch of orders would be moved to the delivery vehicle's storage receptacle. Deliveries in similar geographic areas would be batched together to increase efficiency and decrease vehicle miles traveled. The following are some of the other operation topics described in the Business Plan:

- State tracking and tracing compliance
- Inventory quality control procedures
- Employee training
- Supply chain
- Inventory storage
- Expired product procedures
- Record keeping
- Vehicles (unmarked, company-owned/leased, and company-insured)

### ***Security Plan***

The applicant provided a professionally prepared security plan for the proposed facility and operation. The City's cannabis consultant, HdL Companies, reviewed the proposed security plan and determined that appropriate security measures were included to address the City's security requirements pursuant to CMMC Title 9, Chapter VI and State law. Since the security plan contains sensitive operational measures that require limited exposure to remain effective, the plan is not included as an attachment. However, the following is generally a list of measures that are provided in the security plan:

- Live scan background check for every employee, including drivers;
- City-issued identification badge for every employee;
- Professionally installed and monitored exterior and interior surveillance cameras;

- Professionally installed, maintained, and monitored alarm system including panic buttons and window and door alarms;
- Surveillance footage must be maintained for a minimum of 90 days;
- Secured storage of cash, cannabis, and cannabis products;
- Sensors that detect entry and exit from all secured areas;
- Interior and exterior security lighting;
- Emergency power supply;
- Emergency equipment and training;
- Driver and vehicle safety protocol;
- Vendor protocol (cash and product transportation); and
- Limited access areas and visitor check in and security (consent to local and State inspections included).

As proposed and conditioned, all facility entry and exit points, locations where cash or cannabis products are handled or stored shall be under camera surveillance. As conditioned, the applicant shall submit a list of all vehicles to be used for retail delivery purposes to the Costa Mesa Police Department. The list shall identify the make, model, color, license plate number, and registered owner of each vehicle. The applicant shall submit an updated vehicle list each quarter with the required quarterly update to the employee roster pursuant to the CBP. Additionally, the City is conditioning the project so all Type 9 delivery vehicle drivers shall be at least age 21, have a current driver's license, successfully complete a live scan, and have a City-issued badge. The business operator shall ensure that all vehicles are properly maintained, all delivery drivers have a good driving record, and each driver conducts a visual inspection of the vehicle at the beginning of a shift.

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

The existing surface parking lot includes 54 stalls to serve the 20,732-square-foot building. The existing parking ratio is 2.6 stalls per 1,000 square feet instead of the City's standard 3 parking stalls per 1,000 square feet for industrial properties. The legal non-conforming parking is allowed to continue so long as the development will not be made more nonconforming per CMMC Title 13, Chapter X, Table 13-204. The proposed use is an anticipated use in the MP zone and the project would not include adding any building square footage. Therefore, the proposed project would not make the development more nonconforming. Additionally, Unit A includes a 5,060-square-foot warehouse with two roll-up doors for vehicle access and additional parking for delivery vehicles. The roll-up doors are directly accessible from the parking lot. The drive aisle in the parking lot is 25'-4" wide. Transportation reviewed the project plans and did not require any corrections or conditions of approval beyond the City's standard conditions.

The other tenant at the subject property is a cannabis manufacturing and distribution business. In August 2021, the business obtained a Minor Conditional Use Permit to add delivery. Planning staff visited the site several times and observed very few vehicles on the property (July, August, and December 2021 and January, March, and April 2022).

As stated in the applicant letter, the business would begin with one-to-three delivery vehicles, all owned or leased and all insured by WGCM. Over three years, the business plan anticipates the fleet would grow to five vehicles. Given that the delivery vehicles will be stored underroof and customer

traffic to the site is prohibited, parking shortages are not anticipated.

If parking shortages or other parking-related problems are discovered in the future, operational condition of approval No. 6 requires the business operator to institute appropriate measures necessary to minimize or eliminate the problem including, but not limited to, reducing operating hours of the business, reducing the number of delivery vehicles, and/or limiting the number of persons within the suite, at any given time.

### **GENERAL PLAN CONFORMANCE:**

The Costa Mesa General Plan establishes the long range planning and policy direction that guides change and preserves the qualities that define the community. The 2015-2035 General Plan sets forth the vision for Costa Mesa for the next two decades. This vision focuses on protecting and enhancing Costa Mesa's diverse residential neighborhoods, accommodating an array of businesses that serve both local needs and attract regional and international spending, and providing cultural, educational, social, and recreational amenities that contribute to the quality of life in the community. Over the long term, General Plan implementation will ensure that development decisions and improvements to public and private infrastructure are consistent with the goals, objectives, and policies contained in this Plan.

The following analysis evaluates the proposed project's consistency with specific policies and objectives of the 2015-2035 General Plan.

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

**Consistency:** As approved by a community adopted ballot measure, the proposed use would provide a new entrepreneurial business in Costa Mesa located within an industrial area as allowed under Measure Q, and provides new goods and services and new employment opportunities in the community.

2. **Policy LU-6.3:** *Continue to prioritize commercial and industrial park use of properties north of I-405 and within the Airport Industrial District.*

**Consistency:** The proposed use would continue the industrial and commercial nature of an existing industrially-zoned property located north of I-405.

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

**Consistency:** The proposed use, cannabis delivery, is part of the specialized and growing cannabis industry. The proposed non-storefront use would be based in the Green Zone, an area of the community specifically zoned for a variety of industrial uses including non-storefront cannabis delivery businesses. Approval of this CUP would facilitate a new businesses opportunity in a specialized and expanding industry.

**REQUIRED FINDINGS:**

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

- The proposed development or use is substantially compatible with developments in the same general area and would not be materially detrimental to other properties within the area. The subject site is within the Green Zone, an industrial area of the community where several types of cannabis uses are conditionally permitted, such as non-storefront retail, distribution, and manufacturing. The proposed use is a non-storefront retail cannabis delivery operation. The other tenant at the subject property is a cannabis manufacturing and distribution facility that recently received approval to add delivery operations. Similar to other industrial uses, the proposed delivery business would not generate customer traffic to the site. As proposed and conditioned, the cannabis use would be compatible with adjacent industrial and commercial uses, including several other cannabis uses. Compliance with conditions of approval, other local regulations, and State requirements would allow this delivery business to operate without being materially detrimental to other properties within the area.
- Granting the conditional use permit will not be materially detrimental to the health, safety and general welfare of the public or otherwise injurious to property or improvements within the immediate neighborhood. The proposed non-storefront retail delivery 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 Companies. Measures designed to maintain safety at the facility include—but are not limited to—window and door alarms, panic buttons, motion-detectors, limited access areas, a video surveillance system that monitors all exterior entrances, exits, and all interior limited access spaces. As proposed and conditioned, video recordings shall be maintained for a minimum of three months. As required by the CMMC and affirmed in the security plan, the business shall designate a security representative to be available to meet with the City Manager, Chief of Police, or their designees, regarding any security or operational concerns. The business employees, including delivery drivers and part-time staff, shall pass a live scan background check and obtain identification badges from the City. The recommended conditions of approval and local and State laws are intended to ensure that the use would not be materially detrimental to the health, safety and general welfare of the public or be otherwise injurious to property or improvements within the immediate neighborhood.
- Granting the conditional use permit will not allow a use, density or intensity which is not in accordance with the General Plan designation and any applicable specific plan for the property. The proposed use would be based in an existing industrial building in the Industrial Park land use designation. No additional square footage is proposed; therefore, approving the CUP would not increase site intensity. As stated in the General Plan Land Use Element, the City's industrial designations "accommodate a variety of industrial and compatible office uses, as well as limited and supportive commercial uses." The use is consistent with General Plan policies related to providing a mixture of commercial goods, services, and employment opportunities; prioritizing commercial and industrial uses at properties north of I-405; and promoting the incubation of unique and specialized commercial and industrial businesses.

**ENVIRONMENTAL DETERMINATION:**

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. The proposed delivery use would occupy an existing tenant suite that was previously used for non-cannabis light manufacturing and distribution, and does not propose an increase in floor area. The project is consistent with the applicable General Plan designation and applicable General Plan policies as well as with the applicable zoning designation and regulations.

**ALTERNATIVES:**

The Planning Commission has the following alternatives:

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

**LEGAL REVIEW:**

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

**PUBLIC NOTICE:**

Pursuant to Title 13, Section 13-29(d), of the Costa Mesa Municipal Code, three types of public notification have been completed no less than 10 days prior to the date of the public hearing:

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

As of the date this report was drafted, one written public comments has been received and is attached to the report. Any public comments received prior to the Planning Commission meeting will be forwarded to the Planning Commission.

**CONCLUSION:**

The use, as conditioned, is consistent with the City's Zoning regulations and the City's General Plan. In addition, and as indicated above, the required Conditional Use Permit findings can be made and therefore, staff recommends approval of Planning Application 21-19, subject to the conditions of

approval.



# City of Costa Mesa

## Agenda Report

77 Fair Drive  
Costa Mesa, CA 92626

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**File #:** 21-551

**Meeting Date:** 4/11/2022

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**TITLE:**

**PLANNING APPLICATION 21-19 FOR A CANNABIS NON-STOREFRONT RETAIL USE (WINTER GREENS) AT 3590 CADILLAC AVENUE, UNIT A**

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

**PRESENTED BY: MICHELLE HALLIGAN, PLANNING CONSULTANT**

**CONTACT INFORMATION: MICHELLE HALLIGAN; 714-754-5608;  
Michelle.Halligan@costamesaca.gov**

**RECOMMENDATION:**

Staff recommends that the Planning Commission adopt a Resolution to:

1. Find that the project is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) per CEQA Guidelines Section 15301 (Class 1), Existing Facilities; and
2. Approve Planning Application 21-19, subject to conditions of approval.

**APPLICANT OR AUTHORIZED AGENT:**

The applicant/authorized agent is Gary Todd Winter, Esq. of WGCM, LLC, for the property owner, Morton Cadillac, LLC.

**BACKGROUND:**

The subject 1.2-acre property is located on the east side of Cadillac Avenue, north of Scenic Avenue, and within a portion of the City's industrial area known as the "Green Zone." The property and adjacent general area is zoned MP (Industrial Park). A variety of cannabis uses can be permitted in the Green Zone, including manufacturing, distribution, and non-storefront retail (delivery to consumers).

Existing development on the site consists of a 20,732-square-foot multi-tenant industrial building with landscaping, trash enclosure, and a 54-stall surface parking lot. The proposed project location, Unit A, is a currently vacant, two-story 9,757-square-foot suite fronting Cadillac Avenue. A cannabis manufacturing, distribution, and delivery operator occupies the adjacent tenant space (Oil Haus, PA-17-38 A5/ZA-21-34 staff report:

<https://www.costamesaca.gov/home/showdocument?id=50000&t=637746639395829592>).

There are no open Code Enforcement cases on this property.

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

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

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

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

***Cannabis Business Permit Process***

Cannabis non-storefront (delivery) retail is a conditionally allowed use in certain commercial zones and in the Industrial Park zone. Prior to operations, a non-storefront retail applicant is subject to an extensive submittal and application review process and must obtain all of the following City approvals before obtaining State approval and conducting business in the City:

- Cannabis Business Permit Notice to Proceed
- Conditional Use Permit (or Minor Conditional Use Permit in specific circumstances)
- Building Permits (and final inspections by multiple departments and the City’s cannabis consultant)
- Cannabis Business Permit
- Business License

The initial phase of the Cannabis Business Permit review includes a background check of the business owner/operator and an evaluation of the proposed business plan (including a capitalization analysis) and review of the proposed security plan by the City’s cannabis consultant, HdL Companies. The applicant successfully passed these evaluations and staff issued a Notice to Proceed, which allows the applicant to continue to the next step in the review process and submit a Conditional Use Permit (CUP) application. A CUP application for the proposed project was subsequently filed and the application materials were reviewed by staff from Planning, Building, Public Services, Transportation, Fire, and Police.

If the CUP is approved, the applicant would begin the remaining steps of the CBP process. The



applicant must obtain building permits, complete building improvements, demonstrate through various City reviews that all conditions of approval have been satisfied, and that all other requirements of the CMMC have been met. After passing the final City and HdL Companies inspection, the CBP would be issued. CBP approval is valid for a two-year period and must be renewed prior to expiration. During the two-year permit period, the Community Improvement Division (CID), along with other City staff, will conduct inspections to verify that the operation complies with all CUP and CBP requirements. Violations identified during site visits may be grounds for the revocation of issued permits or for non-renewal of a CBP.

After obtaining the CBP, the applicant would apply for and obtain a City Business License. In addition to the CUP, CBP, and Business License, the applicant must obtain the appropriate license from the State Department of Cannabis Control prior to operating.

### **DESCRIPTION:**

Planning Application 21-19 is a request for a CUP to operate “Winter Greens,” a non-storefront retail cannabis (delivery only) business within an existing 9,757-square-foot tenant space at 3590 Cadillac Avenue, Unit A. Delivery vehicles would be parked inside the existing 5,060-square-foot warehouse.

The required State license is a Type 9 “non-storefront retailer.” A CUP, CBP, City Business License, and State license for non-storefront retail use would allow the business to deliver pre-packaged cannabis and other packaged cannabis products directly to off-site customers, subject to local and State conditions of approval and requirements.

Cannabis storefront retail, testing, manufacturing, and wholesale distribution are not proposed within this application. Cannabis cultivation is not proposed and is prohibited in Costa Mesa.

### **ANALYSIS:**

#### ***Non-Storefront Retail Use***

As described in the applicant’s letter (Attachment 2), the proposed project is a 9,757-square-foot non-storefront (delivery) retail facility including indoor delivery vehicle storage, loading, and unloading. The first floor of the facility would include a 5,060-square-foot warehouse, offices, dispatch, restrooms, a kitchen, a break room, and storage. The second floor would include offices, storage, and a conference room.

Under the Type 9 State license, only packaged products can be delivered directly to customers. Packaged products would arrive to the facility by vehicles operated by State-licensed distributors. Winter Greens will obtain a range of product types from multiple licensed distributors. The products would be unloaded by Winter Green’s authorized personnel in the warehouse and then transferred to limited access storage rooms, e.g. rooms only accessible to authorized personnel. No unsecured cannabis products would be stored in the warehouse.

Once ordered by customers, the packaged materials would be separated into specific orders and placed into a secured container. The secured containers are loaded into delivery vehicles inside the warehouse. No loading and unloading of cannabis products into delivery vehicles is proposed to take place outdoors. As proposed and conditioned, video surveillance cameras will be installed on the interior and exterior of the building with direct views of the exterior roll-up doors. Additional details are

provided in the Business Plan and Security Plan sections below.

Several salient State and local operating requirements applicable to non-storefront retail (delivery) operations are summarized below:

- All employees who deliver cannabis shall have valid identification and a copy of the Cannabis Business Permit (CBP) and State license at all times while making deliveries.
- All employees must be at least 21 years of age.
- Delivery to consumers is limited to the hours between 7 AM and 10 PM.
- All commercial cannabis retail businesses shall maintain proof of vehicle insurance for any and all vehicles being used to transport cannabis goods as required by State law.
- During delivery, the delivery employee shall maintain a physical or electronic copy of the delivery request and shall make it available upon request by the licensing authority and law enforcement officers. The delivery request documentation shall comply with State law.
- A licensed delivery employee shall not leave the State of California while possessing cannabis products and performing his or her duties for the cannabis retailer.
- A commercial cannabis retail business shall maintain a list of all deliveries, including the address delivered to, the amount and type of product delivered, and any other information required by the State.
- A manifest with all information required pursuant to local and State provisions shall accompany any delivery person at all times during the delivery process and delivery hours.
- Any delivery method shall be made in compliance with State law, as amended, including use of a vehicle that has a dedicated GPS device for identifying the location of the vehicle (cell phones and tablets are not sufficient).
- Each delivery request shall be entered into a point-of-sale tracking system and have a receipt prepared by the commercial cannabis retail business with the following information:
  - Name and address of the commercial cannabis retail business.
  - The name of the employee who delivered the order.
  - The date and time the delivery request was made.
  - The customer's first name, retail-assigned identification number, and delivery addresses.
  - A detailed description of the cannabis goods requested for delivery including the weight or volume, or any accurate measure of the amount of cannabis goods requested.
  - The total amount paid for the delivery including any fees or taxes.
  - The date and time delivery was made, and the signature of the person who received the delivery.
  - At the time of the delivery, the person receiving the delivery provides identification and must be at least 21 years old.
- No cannabis delivery vehicle shall display signs, decals or any other form of advertisement.
- Inspections by an authorized City representative may be conducted anytime during regular business hours.
- Delivery must be made to a physical address that is not on publicly owned land, a school, a day care, or a youth center.
- The delivery employee shall not carry cannabis goods valued in excess of \$5,000 at any time with no more than \$3,000 of cannabis goods that are not already part of a customer order that was processed prior to leaving the premises.

- Delivery must be made in person by a direct employee of the licensed retailer. An independent contractor, third-party courier service, or an individual employed through a staffing agency would not be considered directly employed by the licensed retailer.
- The delivery employee shall confirm the age of the buyer through entering government-issued identification information into an electronic age verification system.

### ***Business Plan***

The applicant provided a detailed business plan that was evaluated by the City's cannabis consultant, HdL Companies. The business plan described the owner's background, proof of capitalization, start-up budget, a three-year pro forma, target customers, and day-to-day operations. The business plan contains proprietary details and is therefore not included as an attachment to this staff report.

"Order fulfillment procedures" are an example of the day-to-day operations explained in the business plan. According to the applicant's business plan, orders would be placed via telephone or a secured online portal. In both methods, customers must register with the company prior to placing an order. The registration process includes age verification and uploading an acceptable government-issued identification card. After a registered customer places an order, the dispatcher will group the pre-packaged products in an unmarked package within a secured storage area. The items would be stored until the agreed-upon delivery window of time. At the appropriate time, a batch of orders would be moved to the delivery vehicle's storage receptacle. Deliveries in similar geographic areas would be batched together to increase efficiency and decrease vehicle miles traveled. The following are some of the other operation topics described in the Business Plan:

- State tracking and tracing compliance
- Inventory quality control procedures
- Employee training
- Supply chain
- Inventory storage
- Expired product procedures
- Record keeping
- Vehicles (unmarked, company-owned/leased, and company-insured)

### ***Security Plan***

The applicant provided a professionally prepared security plan for the proposed facility and operation. The City's cannabis consultant, HdL Companies, reviewed the proposed security plan and determined that appropriate security measures were included to address the City's security requirements pursuant to CMMC Title 9, Chapter VI and State law. Since the security plan contains sensitive operational measures that require limited exposure to remain effective, the plan is not included as an attachment. However, the following is generally a list of measures that are provided in the security plan:

- Live scan background check for every employee, including drivers;
- City-issued identification badge for every employee;
- Professionally installed and monitored exterior and interior surveillance cameras;

- Professionally installed, maintained, and monitored alarm system including panic buttons and window and door alarms;
- Surveillance footage must be maintained for a minimum of 90 days;
- Secured storage of cash, cannabis, and cannabis products;
- Sensors that detect entry and exit from all secured areas;
- Interior and exterior security lighting;
- Emergency power supply;
- Emergency equipment and training;
- Driver and vehicle safety protocol;
- Vendor protocol (cash and product transportation); and
- Limited access areas and visitor check in and security (consent to local and State inspections included).

As proposed and conditioned, all facility entry and exit points, locations where cash or cannabis products are handled or stored shall be under camera surveillance. As conditioned, the applicant shall submit a list of all vehicles to be used for retail delivery purposes to the Costa Mesa Police Department. The list shall identify the make, model, color, license plate number, and registered owner of each vehicle. The applicant shall submit an updated vehicle list each quarter with the required quarterly update to the employee roster pursuant to the CBP. Additionally, the City is conditioning the project so all Type 9 delivery vehicle drivers shall be at least age 21, have a current driver's license, successfully complete a live scan, and have a City-issued badge. The business operator shall ensure that all vehicles are properly maintained, all delivery drivers have a good driving record, and each driver conducts a visual inspection of the vehicle at the beginning of a shift.

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

The existing surface parking lot includes 54 stalls to serve the 20,732-square-foot building. The existing parking ratio is 2.6 stalls per 1,000 square feet instead of the City's standard 3 parking stalls per 1,000 square feet for industrial properties. The legal non-conforming parking is allowed to continue so long as the development will not be made more nonconforming per CMMC Title 13, Chapter X, Table 13-204. The proposed use is an anticipated use in the MP zone and the project would not include adding any building square footage. Therefore, the proposed project would not make the development more nonconforming. Additionally, Unit A includes a 5,060-square-foot warehouse with two roll-up doors for vehicle access and additional parking for delivery vehicles. The roll-up doors are directly accessible from the parking lot. The drive aisle in the parking lot is 25'-4" wide. Transportation reviewed the project plans and did not require any corrections or conditions of approval beyond the City's standard conditions.

The other tenant at the subject property is a cannabis manufacturing and distribution business. In August 2021, the business obtained a Minor Conditional Use Permit to add delivery. Planning staff visited the site several times and observed very few vehicles on the property (July, August, and December 2021 and January, March, and April 2022).

As stated in the applicant letter, the business would begin with one-to-three delivery vehicles, all owned or leased and all insured by WGCM. Over three years, the business plan anticipates the fleet would grow to five vehicles. Given that the delivery vehicles will be stored underroof and customer

traffic to the site is prohibited, parking shortages are not anticipated.

If parking shortages or other parking-related problems are discovered in the future, operational condition of approval No. 6 requires the business operator to institute appropriate measures necessary to minimize or eliminate the problem including, but not limited to, reducing operating hours of the business, reducing the number of delivery vehicles, and/or limiting the number of persons within the suite, at any given time.

### **GENERAL PLAN CONFORMANCE:**

The Costa Mesa General Plan establishes the long range planning and policy direction that guides change and preserves the qualities that define the community. The 2015-2035 General Plan sets forth the vision for Costa Mesa for the next two decades. This vision focuses on protecting and enhancing Costa Mesa's diverse residential neighborhoods, accommodating an array of businesses that serve both local needs and attract regional and international spending, and providing cultural, educational, social, and recreational amenities that contribute to the quality of life in the community. Over the long term, General Plan implementation will ensure that development decisions and improvements to public and private infrastructure are consistent with the goals, objectives, and policies contained in this Plan.

The following analysis evaluates the proposed project's consistency with specific policies and objectives of the 2015-2035 General Plan.

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

**Consistency:** As approved by a community adopted ballot measure, the proposed use would provide a new entrepreneurial business in Costa Mesa located within an industrial area as allowed under Measure Q, and provides new goods and services and new employment opportunities in the community.

2. **Policy LU-6.3:** *Continue to prioritize commercial and industrial park use of properties north of I-405 and within the Airport Industrial District.*

**Consistency:** The proposed use would continue the industrial and commercial nature of an existing industrially-zoned property located north of I-405.

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

**Consistency:** The proposed use, cannabis delivery, is part of the specialized and growing cannabis industry. The proposed non-storefront use would be based in the Green Zone, an area of the community specifically zoned for a variety of industrial uses including non-storefront cannabis delivery businesses. Approval of this CUP would facilitate a new businesses opportunity in a specialized and expanding industry.

**REQUIRED FINDINGS:**

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

- The proposed development or use is substantially compatible with developments in the same general area and would not be materially detrimental to other properties within the area. The subject site is within the Green Zone, an industrial area of the community where several types of cannabis uses are conditionally permitted, such as non-storefront retail, distribution, and manufacturing. The proposed use is a non-storefront retail cannabis delivery operation. The other tenant at the subject property is a cannabis manufacturing and distribution facility that recently received approval to add delivery operations. Similar to other industrial uses, the proposed delivery business would not generate customer traffic to the site. As proposed and conditioned, the cannabis use would be compatible with adjacent industrial and commercial uses, including several other cannabis uses. Compliance with conditions of approval, other local regulations, and State requirements would allow this delivery business to operate without being materially detrimental to other properties within the area.
- Granting the conditional use permit will not be materially detrimental to the health, safety and general welfare of the public or otherwise injurious to property or improvements within the immediate neighborhood. The proposed non-storefront retail delivery 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 Companies. Measures designed to maintain safety at the facility include—but are not limited to—window and door alarms, panic buttons, motion-detectors, limited access areas, a video surveillance system that monitors all exterior entrances, exits, and all interior limited access spaces. As proposed and conditioned, video recordings shall be maintained for a minimum of three months. As required by the CMMC and affirmed in the security plan, the business shall designate a security representative to be available to meet with the City Manager, Chief of Police, or their designees, regarding any security or operational concerns. The business employees, including delivery drivers and part-time staff, shall pass a live scan background check and obtain identification badges from the City. The recommended conditions of approval and local and State laws are intended to ensure that the use would not be materially detrimental to the health, safety and general welfare of the public or be otherwise injurious to property or improvements within the immediate neighborhood.
- Granting the conditional use permit will not allow a use, density or intensity which is not in accordance with the General Plan designation and any applicable specific plan for the property. The proposed use would be based in an existing industrial building in the Industrial Park land use designation. No additional square footage is proposed; therefore, approving the CUP would not increase site intensity. As stated in the General Plan Land Use Element, the City's industrial designations "accommodate a variety of industrial and compatible office uses, as well as limited and supportive commercial uses." The use is consistent with General Plan policies related to providing a mixture of commercial goods, services, and employment opportunities; prioritizing commercial and industrial uses at properties north of I-405; and promoting the incubation of unique and specialized commercial and industrial businesses.

**ENVIRONMENTAL DETERMINATION:**

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. The proposed delivery use would occupy an existing tenant suite that was previously used for non-cannabis light manufacturing and distribution, and does not propose an increase in floor area. The project is consistent with the applicable General Plan designation and applicable General Plan policies as well as with the applicable zoning designation and regulations.

**ALTERNATIVES:**

The Planning Commission has the following alternatives:

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

**LEGAL REVIEW:**

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

**PUBLIC NOTICE:**

Pursuant to Title 13, Section 13-29(d), of the Costa Mesa Municipal Code, three types of public notification have been completed no less than 10 days prior to the date of the public hearing:

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

As of the date this report was drafted, one written public comments has been received and is attached to the report. Any public comments received prior to the Planning Commission meeting will be forwarded to the Planning Commission.

**CONCLUSION:**

The use, as conditioned, is consistent with the City's Zoning regulations and the City's General Plan. In addition, and as indicated above, the required Conditional Use Permit findings can be made and therefore, staff recommends approval of Planning Application 21-19, subject to the conditions of

approval.



**RESOLUTION NO. PC-2022-**

**A RESOLUTION OF THE PLANNING COMMISSION OF THE  
CITY OF COSTA MESA, CALIFORNIA APPROVING  
PLANNING APPLICATION 21-19 FOR A NON-STOREFRONT  
RETAIL CANNABIS DELIVERY FACILITY (WINTER GREENS)  
IN THE MP ZONE FOR PROPERTY AT 3590 CADILLAC  
AVENUE, UNIT A**

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

WHEREAS, on or about November 3, 2020, Costa Mesa voters approved Measure Q; which allows for storefront and non-storefront retail cannabis uses in commercially zoned properties meeting specific location requirements, and non-storefront retail cannabis uses in Industrial Park (MP) and Planned Development Industrial (PDI) zoned properties.

WHEREAS, Planning Application 21-19 was filed by Gary Todd Winter, Esq., authorized agent for the property owner, Morton Cadillac LLC, requesting approval of the following:

A Conditional Use Permit to operate a non-storefront retail cannabis facility within an existing 9,757-square-foot tenant space at 3590 Cadillac Avenue, Unit A. The operation would deliver pre-packaged cannabis and cannabis products directly to off-site customers, subject to conditions of approval and local and State requirements. No retail storefront (dispensary) is proposed.

WHEREAS, On October 25, 2021, Gary Todd Winter, Esq. the business owner of Winter Greens, was issued a Notice to Proceed, which allows the applicant to proceed with submittal of a Conditional Use Permit application consistent with the procedures set forth in Section 13-200.92 of the CMMC.

WHEREAS, a duly noticed public hearing was held by the Planning Commission on April 11, 2022 with all persons having the opportunity to speak for and against the proposal;

WHEREAS, pursuant to the California Environmental Quality Act (CEQA), the project is exempt from the provisions of the California Environmental Quality Act (CEQA) per Section 15301 (Class 1), for Existing Facilities.

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

NOW, THEREFORE, based on the evidence in the record and the findings contained in Exhibit A, and subject to the conditions of approval contained within Exhibit B, the Planning Commission hereby **APPROVES** Planning Application 21-19 with respect to the property described above.

BE IT FURTHER RESOLVED that the Costa Mesa Planning Commission does hereby find and determine that adoption of this Resolution is expressly predicated upon the activity as described in the staff report for Planning Application 21-19 and upon applicant's compliance with each and all of the conditions in Exhibit B, and compliance of all applicable State, and local laws. Any approval granted by this resolution shall be subject to review, modification or revocation if there is a material change that occurs in the operation, or if the applicant fails to comply with any of the conditions of approval.

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

**PASSED AND ADOPTED this 11th day of April, 2022.**

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Byron de Arakal, Chair  
Costa Mesa Planning Commission

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

I, Scott Drapkin, Secretary to the Planning Commission of the City of Costa Mesa, do hereby certify that the foregoing Resolution No. PC-2022-\_\_\_\_ was passed and adopted at a regular meeting of the City of Costa Mesa Planning Commission held on April 11, 2022 by the following votes:

AYES: COMMISSIONERS

NOES: COMMISSIONERS

ABSENT: COMMISSIONERS

ABSTAIN: COMMISSIONERS

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Scott Drapkin, Secretary  
Costa Mesa Planning Commission

Resolution No. PC-2022-\_\_\_\_

## EXHIBIT A

### FINDINGS

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

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

**Facts in Support of Findings:** The subject site is located within the Green Zone, an industrial area of the community where several types of cannabis uses are conditionally permitted, such as non-storefront retail, distribution, and manufacturing. The proposed use is a non-storefront retail cannabis delivery operation. The other tenant at the subject property is a cannabis manufacturing and distribution facility that recently received approval to add delivery operations. Similar to other industrial uses, the proposed delivery business would not generate customer traffic to the site. As proposed and conditioned, the cannabis use would be compatible with adjacent industrial and commercial uses, including several other cannabis uses. Compliance with conditions of approval, other local regulations, and State requirements would allow this delivery business to operate without being materially detrimental to other properties within the area.

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

**Facts in Support of Finding:** The proposed non-storefront retail delivery 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 Companies. Measures designed to maintain safety at the facility include—but are not limited to—window and door alarms, panic buttons, motion-detectors, limited access areas, and a video surveillance system monitoring all exterior entrances, exits, and all interior limited access spaces. As proposed and conditioned, video recordings shall be maintained for a minimum of three months. As required by the CMMC and affirmed in the security plan, the business shall designate a security representative to be available to meet with the City Manager, Chief of Police, or their designees, regarding any security or operational concerns. The business employees, including delivery drivers and part-time staff, shall pass a live scan background check and obtain identification badges from the City. The recommended conditions of approval and local and State laws are intended to ensure that the use would not be materially detrimental to the health, safety and general welfare of the public or be otherwise injurious to property or improvements within the immediate neighborhood.

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

**Facts in Support of Finding:** The proposed use would be based in an existing industrial building in the Industrial Park land use designation. No additional square footage is proposed; therefore, approving the CUP would not increase site intensity. As stated in the General Plan Land Use Element, the City's industrial designations "accommodate a variety of industrial and compatible office uses, as well as limited and supportive commercial uses." The use is consistent with General Plan policies related to providing a mixture of commercial goods, services, and employment opportunities; prioritizing commercial and industrial uses at properties north of I-405; and promoting the incubation of unique and specialized commercial and industrial businesses.

- B. **Finding:** 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. The proposed storage and delivery use would occupy an existing tenant suite that was previously used for non-cannabis light manufacturing and distribution, and does not propose an increase in floor area. The project is consistent with the applicable General Plan designation and applicable General Plan policies as well as with the applicable zoning designation and regulations.
- C. The project is not 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 non-storefront retail (delivery) business shall comply with the approved plans and terms described in the resolution and these conditions of approval. 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 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 manufacturing, processing, laboratory testing, transporting, delivery, distribution, or sale of cannabis or a cannabis product unless the person:
    - a. Has a valid Cannabis Business Permit from the City
    - b. Has paid all Cannabis Business Permit and all application fees and deposits established by resolution of the City Council, including annual Community Improvement Division Inspection deposits.
    - c. Has obtained all applicable planning, zoning, building, and other applicable permits from the relevant governmental agency which may be applicable to the zoning district in which such cannabis business intends to operate.
    - d. Has obtained a City business license pursuant to Chapter I of the Municipal Code.
    - e. Has met all requirements of Community Improvement Division regarding the property.
    - f. Has obtained any and all licenses required by State law and/or regulations.

g. Has satisfied all conditions of approval of this CUP.

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. The subject business shall comply with the operating requirements for non-storefront delivery listed in CMMC Title 9, Chapter VI, Section 9-495(i), except for No. 4, which applies only to delivery conducted from a retail storefront, not non-storefront delivery.
6. No storefront retail or cultivation of cannabis is allowed anywhere on the premises.
7. 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.
8. Except for delivery operations allowed by this Conditional Use Permit and under an active Cannabis Business Permit and State Type 9 license, the applicant, including any employee thereof, shall not sell, distribute, furnish, and/or otherwise provide any cannabis or cannabis product under its possession and/or control to any person, firm, corporation, group or any other entity, unless that person or entity 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 applicant is charged with a duty to, and shall first verify, that the recipient, whether located in the City or elsewhere, of any cannabis or cannabis product so sold, distributed, furnished, and/or otherwise provided by or on behalf of Applicant, possesses all required permits and/or licenses therefore.
9. The applicant shall defend, indemnify, and hold harmless the City, its elected and appointed officials, agents, officers and employees from any claim, action, or proceeding (collectively referred to as "proceeding") brought against the City, its elected and appointed officials, agents, officers or employees arising out of, or which are in any way related to, the applicant's project, or any approvals granted by City related to the applicant's project. 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 applicant's 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. City shall have the right

- to choose its own legal counsel to represent the City's interests, and applicant shall indemnify City for all such costs incurred by City.
10. 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.
  11. 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.
- BLDG 12. 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.
- CBP 13. The operator shall maintain a valid Cannabis Business Permit and a valid Business License at all times. The Cannabis Business Permit application number associated with this address is MQ-21-04. 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 tenant space.
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 Development Services pursuant to Section 9-120 of the CMMC for failing to comply with the terms of the permit, the applicable provisions of the CMMC, State law or regulation and/or any condition of any other permit issued pursuant to this code. Revocation of the Cannabis Business Permit shall trigger the City's proceedings to revoke the Conditional Use Permit and its amendments. The Conditional Use Permit granted herein shall not be construed to allow any subsequent owner/operator to continue operating under PA-21-19 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 9 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 of 6 months. Documentation of three violations during routine inspections or investigations of complaints shall result in the Community Improvement Division scheduling a hearing before the Director of Development Services to consider revocation of the Cannabis Business Permit.
20. Third parties are prohibited from providing delivery services for the Type 9 non-storefront retail (delivery) license.
21. Persons under the age of twenty-one (21) years shall not be allowed on the premises of this business. It shall be unlawful and a violation of this CUP for the owner/operator to employ any person who is not at least twenty-one (21) years of age.
- PD 22. Every manager, supervisor, employee or volunteer of the cannabis business must submit fingerprints and other information specified on the Cannabis Business Permit for a background check by the Costa Mesa Police Department to verify that person's criminal history. No employee or volunteer may commence paid or unpaid work for the business until the background checks have been approved. No cannabis business or owner thereof may employ any person who has convicted of a felony within the past 7 years, unless that felony has been dismissed, withdrawn, expunged or set aside pursuant to Penal Code sections 1203.4, 1000 or 1385, or who is currently on probation or parole for the sale, distribution, possession or manufacture of a controlled substance.

- CID 23. Should any employee, volunteer or other person who possess 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.
- FIN 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 delivery 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.

- INSP
26. The City Manager or her or his designees may enter this business at any time during the hours of operation without notice, and inspect the location of this business as well as any recordings and records required to be maintained pursuant to Title 9, Chapter VI or under applicable provisions of State law.
  27. Inspections of this cannabis business by the City will be conducted, at a minimum, on a quarterly basis. Code Enforcement officers, the Building Official and/or the Fire Marshal may enter and inspect the location of this business between the hours of 8 a.m. and 5 p.m. Monday through Friday upon 24 hours' telephonic notice to the owner or operator, to ensure compliance with this Conditional Use Permit.
  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 falsifies 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 by a California licensed Architect or Engineer. Plans shall be wet stamped and signed by the licensed Architect or Engineer.
2. The conditions of approval and ordinance or code provisions of Planning Application 21-19 shall be blueprinted on the face of the site plan as part of the plan check submittal package when building permits are necessary.
3. Prior to the Building Division issuing a demolition permit. contact South Coast Air Quality Management District (AQMD) located at:  
21865 Copley Dr.  
Diamond Bar, CA 91765-4178  
Tel: 909- 396-2000

Or Visit its web site:

<http://www.costamesaca.gov/modules/showdocument.aspx?documentid=23381>. The Building Div. 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, or within any other units located within the same building as the cannabis business. Building and mechanical permits must be obtained from the Building Division prior to work commencing on any part of the odor control system.
5. No sign shall be installed until the owner/operator or its designated contractor has obtained any permit 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.
6. 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.

#### **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 inspections, final occupancy and utility releases will not be granted until all such licenses have been obtained.

#### **Prior to Issuance of Cannabis Business Permit**

1. The applicant shall contact the Planning Division for a facility inspection and provide a matrix of conditions of approval explaining how each was met prior to issuance of a modification to the Cannabis Business Permit.
2. The applicant shall submit to the Planning Division a list of all vehicles to be used for retail delivery purposes. The list shall identify the make, model, color, license plate number and registered owner of each vehicle.
3. The applicant shall pay the \$46 public notice fee (\$1 per notice post card) and the newspaper ad publishing cost.
4. The final Security Plan shall be consistent with the approved building plans.
5. 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.
6. The owner/operator shall obtain and maintain at all times during the term of the permit comprehensive general liability insurance and comprehensive automotive liability insurance protecting the permittee in an amount of not less than two million dollars (\$2,000,000.00) per occurrence, combined single limit, including bodily injury and property damage and not less than two million dollars (\$2,000,000.00) aggregate for each personal injury liability, products-completed operations and each accident, issued by an insurance provider admitted and authorized to do business in California and shall be rated at least A-:viii in A.M. Best & Company's Insurance Guide. Such policies of insurance shall be endorsed to name the City of Costa Mesa as an additional insured. Proof of said insurance must be provided to the Planning Division before the business commences operations. Any changes to the insurance policy must be submitted to the Planning Division within 10 days of the date the change is effective.
7. The applicant shall submit an executed Retail Cannabis Business Permit Defense and Indemnity Agreement on a form to be provided by the City.

### **Operational Conditions**

1. No product deliveries to the facility shall occur between 12:00 AM and 5:00 AM.
2. Delivery to customers is limited to the hours between 7:00 AM and 10:00 PM.
3. The applicant shall submit an updated vehicle list each quarter with the quarterly update to the employee roster required pursuant to the CBP. The number of vehicles parked onsite in commonly-held parking areas shall not exceed the number of available onsite surplus parking spaces. Delivery vehicles not owned by employees shall not be parked on City streets when not in use.
4. The operator shall maintain free of litter all areas of the premises 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 whatever security and operational measures are 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 Development Services Director.
7. All employees must wear an identification badge while on the premises of the business and/or performing deliveries, in a format proscribed by the City Manager. When on the premises, badges must clearly visible and worn on outermost clothing and above the waist in a visible location.

8. The operator shall ensure that all vehicles are properly maintained, all delivery drivers have a good driving record, and each driver conducts a visual inspection of the vehicle at the beginning of each shift.
9. The operator shall ensure that deliveries are grouped to decrease total trip generation.
10. During each delivery stop, the delivery vehicle shall be parked in a safe manner (i.e., not impeding traffic circulation), the engine shall be turned off and the vehicle shall be locked.
11. Vehicle loading and unloading shall only take place underroof or in designated parking spaces within direct unobstructed view of surveillance cameras, located in close proximity to the shipping and receiving exterior door, as shown on an exhibit approved by the Director of Development Services or designee. No loading and unloading of cannabis products into the vehicles shall take place outside of camera view. Video surveillance cameras shall be installed on the exterior of the building with direct views of the exterior roll-up door and loading areas. Any modifications or additional vehicle loading and unloading areas shall be submitted to the Director of Development Services or designee for approval.
12. Vehicle standing, loading and unloading shall be conducted so as not to interfere with normal use of streets, sidewalks, driveways and on-site parking.
13. No vehicle loading area shall encroach into a required building setback along a public right-of-way.
14. The sale, dispensing, or consumption of alcoholic beverages on or about the premises is prohibited.
15. No outdoor storage of cannabis or cannabis products is permitted at any time.
16. Cannabis shall not be consumed on the premises at any time, in any form.
17. The owner/operator shall prohibit loitering by persons outside the facility both on the premises and within fifty (50) feet of the premises.
18. No cannabis or cannabis products, or graphics depicting cannabis or cannabis products, shall be visible from the exterior of this property, or on any of the vehicles owned or used as part of the cannabis business.
19. 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.

January 19, 2022

VIA EMAIL ONLY[cannabis@costamesaca.gov](mailto:cannabis@costamesaca.gov); [nancy.huynh@costamesaca.gov](mailto:nancy.huynh@costamesaca.gov)

DEVELOPMENT SERVICES DEPARTMENT  
77 FAIR DRIVE  
COSTA MESA, CA 92626

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RE: WGCM, LLC APPLICANT LETTER

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Dear Development Services,

WGCM, LLC dba Winter Greens will be a commercial cannabis delivery (non-storefront) operation located at 3590 Cadillac Avenue, Unit A, Costa Mesa, CA 92626. The building is located in the Green Zone. Unit A consists of 9,757 square feet including a warehouse space, downstairs offices, and upstairs offices.

There will be no retail storefront sales to the general population; this delivery-only operation will not be open to the public. There will be no sales of cannabis or any other products in-person onsite. All visitors and vendors must have a prior appointment or be checked into the premises by a manager.

WGCM, LLC will be a drug-free workplace. WGCM, LLC will explicitly prohibit the use, possession, solicitation, or sale of drugs and alcohol on the premises or during employment. Management may request employees to undergo random drug testing at any time upon suspicion of being under the influence.

The following types of products will be sold:

- Flower
- Pre-Rolls
- Edibles
- Concentrates
- Topicals
- Capsules
- Tinctures
- Vape Cartridges
- Apparel and Accessories (WGCM, LLC/ Winter Greens merchandise)

All products are pre-packaged and nothing will be manufactured/packaged on-site. Before sale, all products will be verified as laboratory tested for potency and safety, with test results made available to all customers.

The warehouse will be used for the secure unloading/loading of cannabis products. There will be a small driver's lounge inside the warehouse space only accessible to WGCM personnel. Deliveries to customers will be limited to the hours allowed by the State of California and City of Costa Mesa, from 7am to 10pm daily. There will be one to three delivery vehicles to start, all owned/leased and insured by WGCM. WGCM restricts availability of its delivery services to adult customers 21 years of age or older. All customers must be pre-registered with WGCM before orders are accepted for delivery. Delivery services will be limited to serving customers located at a physical address in Costa Mesa and its surrounding area. Addresses will be verified on-site prior to preparing deliveries to ensure compliance

## TRADEMARK LICENSING AGREEMENT

with this requirement. WGCM prohibits its delivery employees from leaving the state of California while in possession of cannabis goods and from serving any addresses outside its delivery radius. WGCM will not deliver cannabis goods to an address located on publicly owned land or any address on land or in a building leased by a public agency. This prohibition on delivery includes land held in trust by the United States for a tribe or an individual tribal member unless the delivery is authorized by and consistent with applicable tribal law. Deliveries will never be made through the use of an unmanned vehicle.

Receipt of deliveries from licensed vendors will occur during normal business hours, Monday to Friday from 9:00 A.M. and 5:00 P.M. The Manager will alert staff with the names and vehicle license plates for expected deliveries before opening each day. Upon verification of the name and license plate number, vendor drivers will be instructed to load/unload products near the Receiving Area inside the facility warehouse. The vendor will be escorted into and out of the building by staff. All unregistered names and vehicles will not be allowed entry onto the premises.

The downstairs and upstairs offices will be limited-access. The secure inventory storage space, the manager's office, and the dispatcher's office is located downstairs. Additional administrative offices are located upstairs.

WGCM, LLC will be implementing a professionally prepared Security Plan by *ASC Security Services*, which will include: 23 Day/Night color cameras recording 24 hours a day, 7 days a week; a professionally installed and maintained alarm system including panic buttons and motion sensors which will automatically notify the Costa Mesa Police Department in the event of an intrusion or other unauthorized activity. Additionally, WGCM, LLC will contract with an armored car service (DAMA Financial) that will pick up cash from the premises monthly or on an on-call basis when cash receipts exceed set levels. Cash will be stored in a safe that features 5-point premium NKL bolt-work hardware, an automatic locking detent mechanism, and burglary resistant lock with re-locker. The electronics feature positive user identification with electronic key, audit trail, and programmable delay and time lock settings.

Our mission is to safely provide high-quality cannabis to our customers with an experienced and friendly team they can trust. We already have a proven business model located in Truckee, CA, which has been in operation since January 2019 (4.7 stars, 97 reviews on Weedmaps as of today) and has experienced zero issues related to crime or public safety. Therefore, we already understand and have implemented strong and successful safety protocols, and we have a strong track record with vendor relationships and many strategic partnerships that will reduce the startup times and costs. As mentioned, this will be WGCM's second delivery operation in California, so we are confident that our years of experience, both on the operations side and management/legal side, will result in a smooth and successful operation in the City of Costa Mesa.

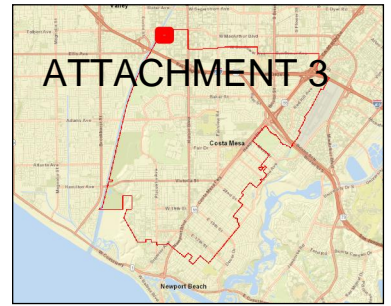
Should you have any further questions, please contact the undersigned at your earliest opportunity.

Very truly yours,

*Gary Todd Winter*


Gary Todd Winter, Esq.

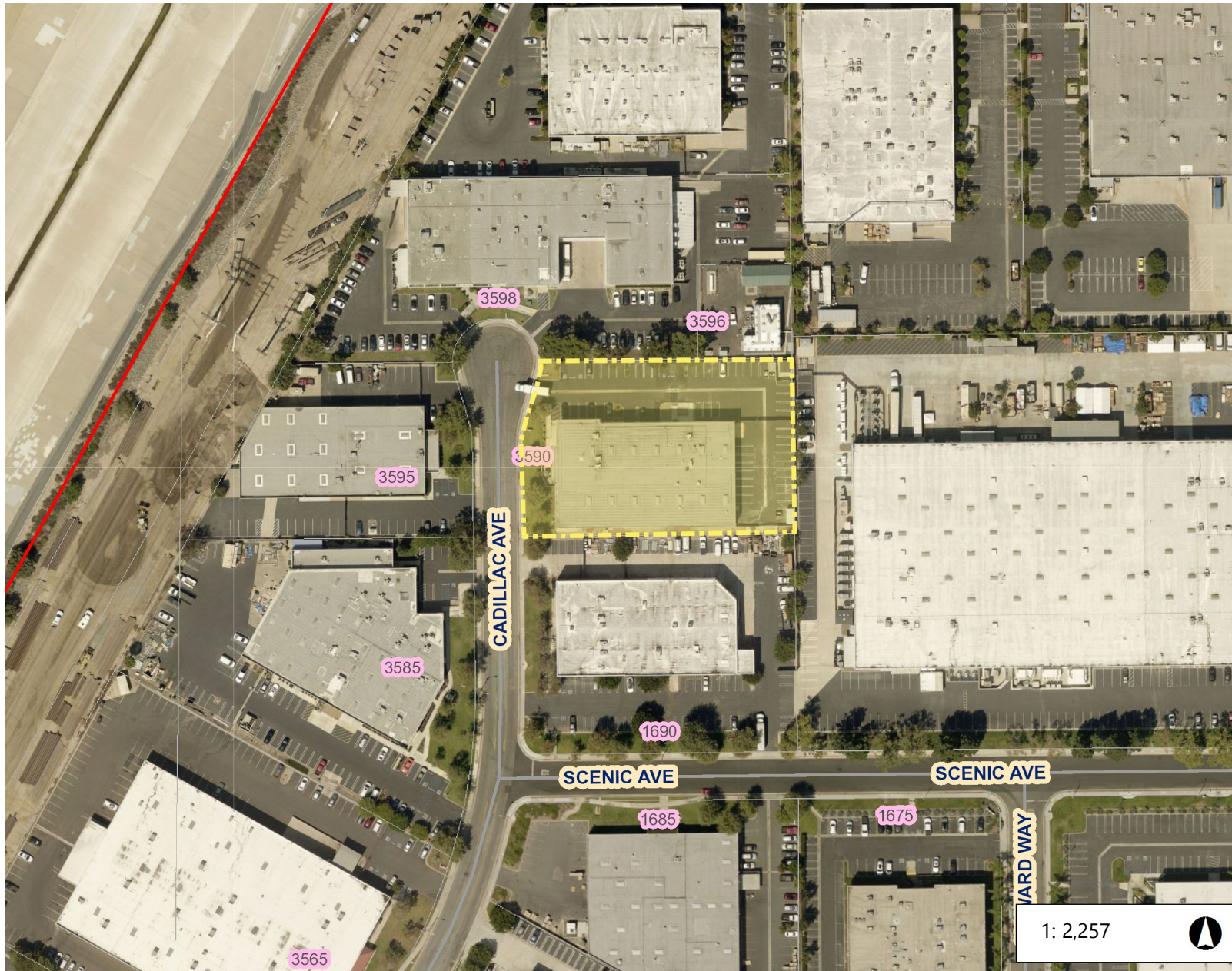




ATTACHMENT 3

Legend

 Costa Mesa



1: 2,257



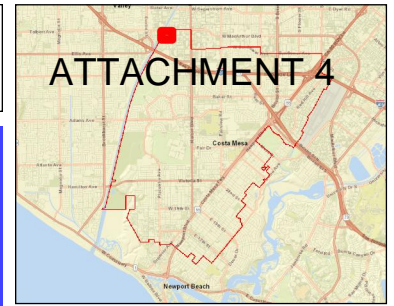
0.1 0 0.04 0.1 Miles

WGS\_1984\_Web\_Mercator\_Auxiliary\_Sphere  
© City of Costa Mesa

The City of Costa Mesa makes no guarantee as to the accuracy of any of the information provided and assumes no liability for any errors, omissions, or inaccuracies.

Notes





ATTACHMENT 4



1: 2,257

## Legend

- Costa Mesa
- Zoning**
- AP - Administrative Professional
- IR-MLT - Institutional Recreational I
- R1 - Single-Family Residential
- R2-MD - Multiple-Family Residentie
- R2-HD - Multiple-Family Residentia
- R3 - Multiple Family Residential
- MG - General Industrial
- MP - Industrial Park
- PDI - Planned Development Indust
- C1 - Local Business
- C2 - General Business
- C1-S - Shopping Center
- TC - Town Center
- PDR-NCM - Planned Development Mesa
- I&R - Institutional Recreational
- I&R-S - Institutional Recreational - S
- P - Parking
- CL - Commercial Limited
- PDC - Planned Development Comr
- PDR-LD - Planned Development R
- PDR-MD - Planned Development R Density
- PDR-HD - Planned Development R

## Notes

0.1 0 0.04 0.1 Miles

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© City of Costa Mesa

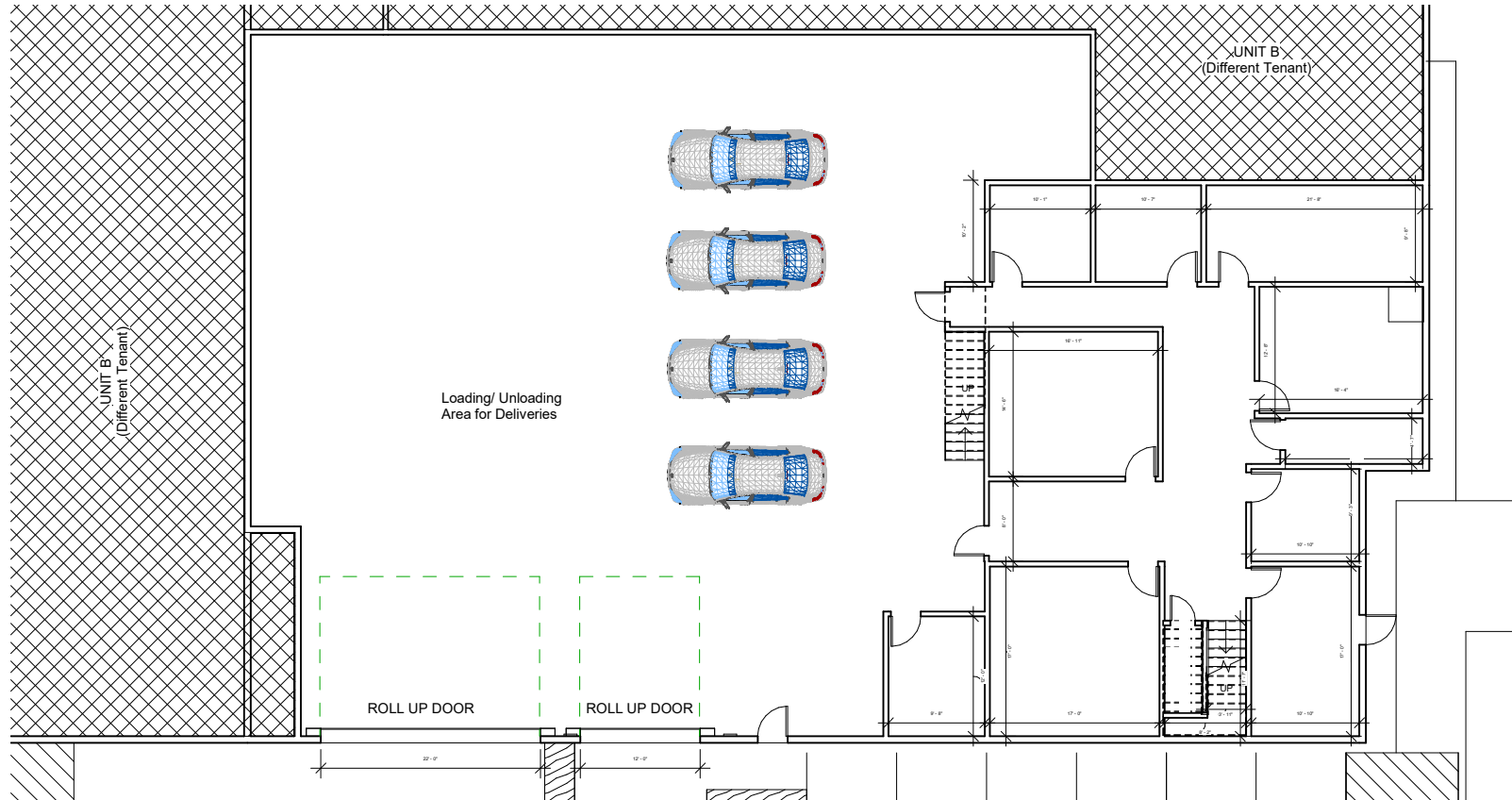
The City of Costa Mesa makes no guarantee as to the accuracy of any of the information provided and assumes no liability for any errors, omissions, or inaccuracies.



Exterior of Unit A from Cadillac Avenue



View of the parking lot and warehouse from Cadillac Avenue



① First Floor  
3/32" = 1'-0"

**WGCM LLC**  
dba WINTER GREENS

3590 Cadillac Avenue Unit A  
Costa Mesa, CA 92626

No.	Description	Date

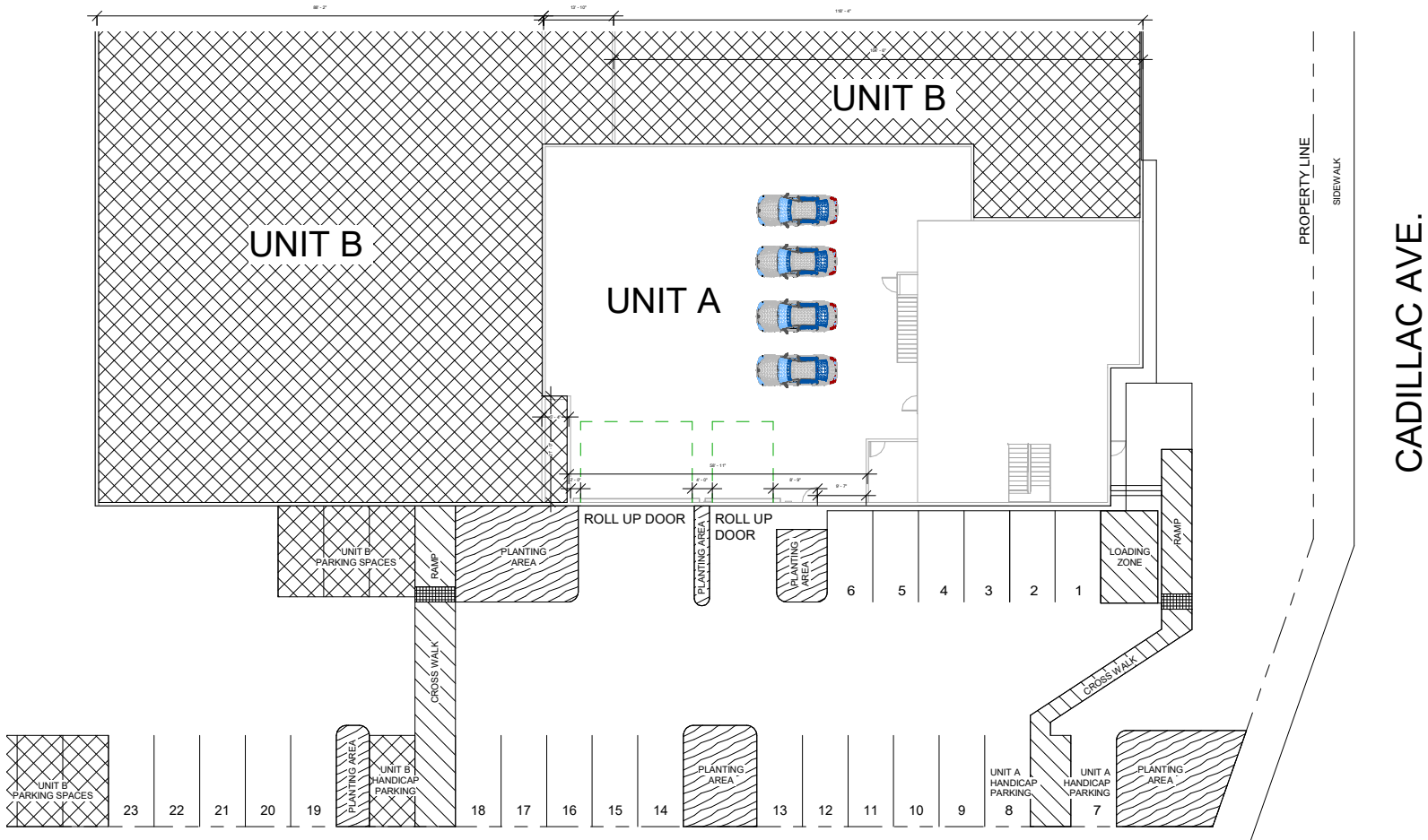
### First Floor Plan

Project number	001	<b>A1</b>
Date	09/07/21	
Drawn by	BTS	
Checked by	WL	
		Scale 3/32" = 1'-0"

9/10/2021 4:59:43 PM







① Site Plan  
1" = 20'-0"

WGCM LLC

dba WINTER GREENS

3590 Cadillac Avenue Unit A  
Costa Mesa, CA 92626

No.	Description	Date

## Site Plan

Project number 001  
Date 09/07/21  
Drawn by Author  
Checked by Checker

C1

Scale 1" = 20'-0"

9/10/2021 4:59:45 PM

COLGAN, JULIE

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**From:** Medhat Gorgy <medhat@pyramidlabs.com>  
**Sent:** Thursday, April 7, 2022 4:03 PM  
**To:** PC Public Comments  
**Cc:** Joe Erickson  
**Subject:** Official Public Notice Application No. PA-21-19, PA-21-12  
**Attachments:** Official Public Notice RE Cannabis Mfg and Dist 040722.pdf

Dear City of Costa Mesa Commission,

Please see my attached Letter of Objection for the use of these facilities.

Best regards,

Medhat



Medhat Gorgy  
President and Chief Executive Officer  
Tel: (714) 435-9800 x1600  
Fax: (714) 435-4010  
[www.pyramidlabs.com](http://www.pyramidlabs.com)

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you recognize the sender and know the content is safe. Report any suspicious activities to the Information Technology Department.



April 7, 2022

City of Costa Mesa Planning Commission

RE: Application No. PA-21-12

Site Address: 3595 Cadillac Ave., Unit 102  
3590 Cadillac Ave., Unit A

Dear Sir/Madam:

Pyramid Laboratories, Inc. is located at 3598 Cadillac Avenue., Costa Mesa, located at the end of a cul-de-sac between the two (2) properties listed above. Pyramid has been in this location since 2004, and regularly and routinely inspected by the FDA and the EMA (European Medicines Agency).

Pyramid is a manufacturer of Commercial Medicinal injectable drugs. Pyramid's facility has Clean Rooms and major air handlers to assure the cleanliness and quality of the air entering the facility during the manufacturing process. Any air contamination can contaminate the manufactured injectable medicine and can harm the receiving patients.

FDA recommendations always not to have facility like Pyramid near any source of toxic fumes, contaminated air, or even near an antibiotic manufacturer. The contamination can cause severe damage to patients.

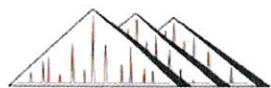
In reviewing the Official Public Notice and specially 3595 Cadillac Ave., Unit 102 (Cannabis Manufacturing and Distribution Facility). We voice our objection to the use of these facilities for the following reasons:

- Pyramid has great concern for the exhaust from the air handlers of these buildings to the air adjacent to the Pyramid facility.
- Having a facility next to an injectable drug manufacturer can be a major disaster to tens and thousands of patients.
- In addition, Pyramid has maintained low traffic and high security systems throughout the years.

3598 Cadillac Avenue  
Costa Mesa, CA 92626

Tel: 714-435-9800  
Fax: 714-435-9585





**PYRAMID**  
**Laboratories, Inc.**

- We perform Drug testing on all our new hires and on a regular basis as required by the FDA. This may attribute to false results to our employees.

Pyramid has been a Tax contributor to the City of Costa Mesa since 1992. We wish the Commission to reconsider the use of these facilities and help us to maintain the security of our manufacturing facility to save lives.

Please note our loud and clear objection to the use of these facilities.

We wish the company success for many years in a different location not too close to the Pyramid facility.

Respectfully Yours,

Medhat Gorgy  
President & CEO  
Tel. (714) 435-9800 ext. 1600  
medhat@pyramidlabs.com



# City of Costa Mesa

## Agenda Report

77 Fair Drive  
Costa Mesa, CA 92626

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**File #:** 21-554

**Meeting Date:** 4/11/2022

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**TITLE:**

**PLANNING APPLICATION 21-12 FOR A CANNABIS MANUFACTURING, DISTRIBUTION AND NON-STOREFRONT RETAIL FACILITY ("DYRECT #4") AT 3595 CADILLAC AVENUE, UNIT 102**

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

**PRESENTED BY: JUSTIN ARIOS, ASSOCIATE PLANNER**

**CONTACT INFORMATION: JUSTIN ARIOS; 714.754.5667; Justin.Arios@costamesaca.gov**

**RECOMMENDATION:**

Staff recommends that the Planning Commission adopt a Resolution to:

1. Find that the project is categorically exempt from the provisions of the California Environmental Quality Act (CEQA), per CEQA Guidelines Section 15301 (Class 1), Existing Facilities; and
2. Approve Planning Application 21-12, subject to conditions of approval.

**APPLICANT OR AUTHORIZED AGENT:**

The applicant/authorized agent is Sean Maddocks, for the property owner, Cadillac Avenue Property, LLC.

**BACKGROUND:**

The subject 1.05-acre property is on the west side of Cadillac Avenue, north of Scenic Avenue, and within a portion of the City's industrial area known as the "Green Zone." The property is zoned MP (Industrial Park) and is surrounded by other MP-zoned properties. A variety of cannabis uses can be permitted in the Green Zone, including manufacturing, distribution, and non-storefront retail (direct delivery to consumers).

Existing development on the site consists of an 18,431-square-foot multi-tenant industrial building with landscaping, trash enclosure, and a 38-stall surface parking lot, with the parking located both outside and within a gated area of the property. The existing number of parking stalls is legal non-conforming in that the existing parking ratio is 2.06 stalls per 1,000 square feet instead of the City's industrial standard of 3 parking stalls per 1,000 square feet.

The proposed project location, Unit 102, is a 5,940-square-foot tenant suite, located in the middle unit of the building. Cannabis operators occupy the other two tenant spaces on the site (Unit 101 & 103), both of which are approved for manufacturing and distribution operations (PA-18-30 A1 & PA-18-35

A1).

There are no open Code Enforcement cases on this property.

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

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

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

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

***Cannabis Business Permit Process***

Prior to establishing a Cannabis business, an applicant is subject to an extensive submittal and application review process and must obtain all of the following City approvals before conducting business:

- Cannabis Business Permit Notice to Proceed
- Conditional Use Permit (or Minor Conditional Use Permit in specific circumstances)
- Building Permits (and final inspections by multiple departments and the City's cannabis consultant)
- Cannabis Business Permit
- Business License

The initial phase of a Cannabis Business Permit review includes a background check of the proposed owner, and an evaluation of the proposed business plan and security plan by the City's cannabis consultant, HdL Companies. The applicant has successfully completed these evaluations and staff issued a Notice to Proceed, which allows the applicant to continue to the next step in the review and submit a Conditional Use Permit (CUP) application.

If the CUP is approved, the applicant would begin the remaining steps of the CBP process. The applicant must obtain building permits, complete building improvements, demonstrate that all

conditions of approval have been satisfied, and that all other requirements of the CMMC have been satisfied. After passing the final City inspection, the CBP would be issued. CBP approval is valid for a two-year period and must be renewed prior to expiration. During the two-year permit period, the Community Improvement Division (CID), along with other City staff, will conduct site visits to verify the operation complies with all CUP and CBP requirements. Violations identified during site visits may be grounds for the revocation of the CBP or for non-renewal of a CBP.

After obtaining the CBP, the applicant may apply for and obtain a City Business License. In addition to the CUP, CBP, and Business License, the applicant must obtain the appropriate licenses from the State Department of Cannabis Control prior to operating.

### **DESCRIPTION:**

Planning Application 21-12 is a request for a CUP to operate a cannabis manufacturing and distribution facility, and a non-storefront retail cannabis (delivery only) use within a 5,940-square-foot tenant space at 3595 Cadillac Avenue, Unit 102. Delivery vehicles would be parked inside the existing warehouse and in the gated surface parking lot area.

The required State licenses for the proposed business establishment includes a Type 6 “manufacturer - non-volatile”, Type 9 “non-storefront retailer” and Type 11 “distributor.” A CUP and State license for the facility would allow the business to manufacture and transport cannabis products, as well as deliver pre-packaged cannabis and cannabis products directly to off-site customers, subject to conditions of approval and local and State requirements.

Cannabis cultivation is not proposed and is prohibited in Costa Mesa.

As described in the applicant’s letter (provided as an Attachment to this report), the proposed cannabis facility includes three main areas:

1. Manufacturing (1,048 square feet);
2. Distribution (1,606 square feet); and
3. Delivery (744 square feet).

There is also a Common Area that serves all three operations, which includes a shared office, two restrooms, a reception area and check-in area.

### **ANALYSIS:**

#### ***Manufacturing & Distribution Use***

The manufacturing area is limited to cartridge filling, pre-roll filling, edible gummy production, product packaging and other light manufacturing activities. The Distribution area includes two Transportation and Staging areas, a dispatch office and secure storage room. The secure storage room is used to store unfinished product and also used for basic packaging and labeling functions. The Transportation and Staging rooms are used for incoming and outgoing product verification pursuant to State requirements. The dispatch office is used for general administrative and “track and trace” services. All areas are closed to the public and can only be accessed through secured or controlled access points in the facility.

Below is a summary of the activities and product movement that are involved with the manufacturing

and distribution use:

- Receipt of bulk shipments including cannabis flower, extract oils and miscellaneous containers, such as vaporizer cartridges and tincture bottles into the distribution premises;
- Once received and validated per State requirements, bulk extract oils are stored in the designated secured storage area until it is ready to be transferred to the manufacturing premises;
- Once transferred from the distribution premises to the manufacturing premises, the non-volatile manufacturing would occur:
  - Cannabis flower would be fed through a pre-roll filling machine to create pre-rolls;
  - Oils would be fed into automated cartridge filling equipment that would fill the respective containers (i.e. vape cartridges and tinctures); or oils would be infused utilizing the induction cooktop to create the gummy solution;
- Finished vaporizer cartridges and tinctures (liquid cannabis-infused products) are transported back to the distribution product storage room while the batch undergoes laboratory testing by an authorized third-party testing facility; and
- Finished product scheduled for distribution to a licensed retail buyer or customer for delivery will be staged in the “Transportation/Staging” areas.

### ***Non-Storefront Retail Use***

Under the Type 9 State license, only packaged products can be delivered directly to customers. Packaged products would arrive to the facility by vehicles operated by State-licensed distributors and a small portion of product will come from in-house manufacturing, and proceed through compliance testing. No unsecured cannabis products would be stored in the warehouse.

Loading and unloading of cannabis products into delivery vehicles is proposed to take place inside of the building. As proposed and conditioned, video surveillance cameras will be installed on the interior and exterior of the building with direct views of the loading/unloading areas and the exterior roll-up doors.

The applicable State and local operating requirements for non-storefront retail delivery operations are summarized below:

- All employees who deliver cannabis shall have valid identification and a copy of the Cannabis Business Permit (CBP) and State license at all times while making deliveries.
- All employees are at least 21 years of age.
- Delivery to consumers is limited to the hours between 7 AM and 10 PM.
- All commercial cannabis retail businesses shall maintain proof of vehicle insurance for any and all vehicles being used to transport cannabis goods as required by State law.
- During delivery, the delivery employee shall maintain a physical or electronic copy of the delivery request and shall make it available upon request by the licensing authority and law enforcement officers. The delivery request documentation shall comply with State law.
- A licensed delivery employee shall not leave the State of California while possessing cannabis products and/or performing his or her duties for the cannabis retailer.

- A commercial cannabis retail business shall maintain a list of all deliveries, including the address delivered to, the amount and type of product delivered, and any other information required by the State.
- A manifest with all information required pursuant to local and State provisions shall accompany any delivery person at all times during the delivery process and delivery hours.
- Any delivery method shall be made in compliance with State law, as amended, including use of a vehicle that has a dedicated GPS device for identifying the location of the vehicle (cell phones and tablets are not sufficient).
- Each delivery request shall be entered into a point-of-sale tracking system and have a receipt prepared by the commercial cannabis retail business with the following information:
  - Name and address of the commercial cannabis retail business.
  - The name of the employee who delivered the order.
  - The date and time the delivery request was made.
  - The complete customer's first name, retail-assigned identification number, and delivery addresses.
  - A detailed description of the cannabis goods requested for delivery including the weight or volume, or any accurate measure of the amount of cannabis goods requested.
  - The total amount paid for the delivery including any fees or taxes.
  - The date and time delivery was made, and the signature of the person who received the delivery.
  - At the time of the delivery, the person receiving the delivery provides identification and must be 21 years old.
- No cannabis delivery vehicle shall display signs, decals or any other form of advertisement.
- Inspections by an authorized City representative may be conducted anytime during regular business hours.
- Delivery must be made to a physical address that is not on publicly owned land, a school, a day care, or a youth center.
- The delivery employee shall not carry cannabis goods valued in excess of \$5,000 at any time with no more than \$3,000 of cannabis goods that are not already part of a customer order that was processed prior to leaving the premises.
- Delivery must be made in person by a direct employee of the licensed retailer. An independent contractor, third-party courier service, or an individual employed through a staffing agency would not be considered directly employed by the licensed retailer.
- The delivery employee shall confirm the age of the buyer through entering government-issued identification information into an electronic age verification system.

### ***Business Plan***

The applicant provided a detailed business plan that was evaluated by the City's cannabis consultant, HdL Companies. The business plan described the owner's background, proof of capitalization, start-up budget, a three-year pro forma, target customers, and day-to-day operations. The business plan contains proprietary details and is therefore not included as an attachment to this staff report.

Order fulfillment procedures are an example of the day-to-day operations explained in the business plan. Orders would be placed via telephone or a secured online portal. In both methods, customers

must register with the company prior to placing an order. The registration process includes age verification and uploading an acceptable government-issued identification card. After a registered customer places an order, the dispatcher will group the pre-packaged products in an unmarked package within a secured storage area. The items would be stored until the agreed-upon delivery window of time. At the appropriate time, a batch of orders would be moved to the delivery vehicle's storage receptacle. Deliveries in similar geographic areas would be batched together to increase efficiency and decrease vehicle miles traveled. The following are some of the other day-to-day operations described in the Business Plan:

- Screening and Entrance procedures;
- Facility maintenance and sanitation;
- Storage and Transport equipment checks and record logging;
- Security checks;
- Records maintenance and other administrative duties;
- Ongoing safety and job specific training;
- Environmental monitoring;
- Packaging and labeling - compliance checks; and
- Product coordination.

### ***Security Plan***

The applicant provided a professionally prepared security plan for the proposed project. The City's security consultant, HdL Companies, reviewed the proposed security plan. HdL Companies determined that appropriate security measures were included to address the City's security requirements pursuant to Chapter VI of CMMC Title 9 and State law.

Since the security plan contains sensitive operational measures that require limited exposure to remain effective, the plan is not included as an attachment. However, the following is generally a list of measures that are provided in the plan and required by the CMMC:

- Live scan background check for every employee including drivers;
- City-issued identification badge for each employee;
- Professionally installed and monitored exterior and interior surveillance cameras;
- Professionally installed, maintained, and monitored alarm system including panic buttons and window and door alarms;
- Surveillance footage must be maintained for a minimum of 90 days;
- Secured storage of cash, cannabis and cannabis products;
- Sensors that detect entry and exit from all secured areas;
- Emergency power supply;
- Emergency equipment and training;
- Driver and vehicle safety protocol;
- Vendor protocol (cash and product transportation); and
- Limited access areas and visitor check in and security.

As proposed and conditioned, all facility entry and exit points, locations where cash or cannabis products are handled or stored shall be under camera surveillance. As conditioned, the applicant shall submit to the City a list of all vehicles to be used for retail delivery purposes. The list shall

identify the make, model, color, license plate number, and registered owner of each vehicle. The applicant shall submit an updated vehicle list each quarter with the required quarterly update to the employee roster pursuant to the CBP. Additionally, the City is conditioning the project so all Type 9 delivery vehicle drivers shall be at least age 21, have a current driver's license, successfully complete a live scan, and have a City-issued badge. The business operator shall ensure that all vehicles are properly maintained, all delivery drivers have a good driving record, and each driver conducts a visual inspection of the vehicle at the beginning of a shift.

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

The existing surface parking lot includes 38 stalls to serve the 18,431-square-foot building. The existing parking ratio is 2.06 stalls per 1,000 square feet instead of the City's standard 3 parking stalls per 1,000 square feet for industrial properties. The legal non-conforming parking is allowed to continue so long as the development will not be made more nonconforming per CMMC Title 13, Chapter X, Table 13-204. The proposed use is an anticipated use in the MP zone and the project would not include adding any building square footage. Therefore, the proposed project would not make the development more nonconforming. Additionally, Unit 102 includes a 5,940-square-foot warehouse with two roll-up doors for vehicle access and additional parking for delivery vehicles. The roll-up doors are directly accessible from the parking lot. Transportation reviewed the project plans and did not require any corrections or conditions of approval beyond the City's standard conditions.

If parking shortages or other parking-related problems are discovered in the future, operational condition of approval No. 7 requires the business operator to institute appropriate measures necessary to minimize or eliminate the problem including, but not limited to, reducing operating hours of the business, reducing the number of delivery vehicles, and/or limiting the number of persons within the suite.

### **GENERAL PLAN CONFORMANCE:**

#### ***Conformance with the City of Costa Mesa General Plan***

The Costa Mesa General Plan establishes the long range planning and policy direction that guides change and preserves the qualities that define the community. The 2015-2035 General Plan sets forth the vision for Costa Mesa for the next two decades. This vision focuses on protecting and enhancing Costa Mesa's diverse residential neighborhoods, accommodating an array of businesses that serve both local needs and attract regional and international spending, and providing cultural, educational, social, and recreational amenities that contribute to the quality of life in the community. Over the long term, General Plan implementation will ensure that development decisions and improvements to public and private infrastructure are consistent with the goals, objectives, and policies contained in this Plan.

The following analysis evaluates the proposed project's consistency with specific policies and objectives of the 2015-2035 General Plan.

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



**Consistency:** The proposed cannabis use would provide a new entrepreneurial business in Costa Mesa as allowed under Measure X and Measure Q (local voter approved ballot measures), new goods and services, and provide new employment opportunities in the community.

**1. Policy LU-6.3:** *Continue to prioritize commercial and industrial park use of properties north of I-405 and within the Airport Industrial District.*

**Consistency:** The proposed use would continue the industrial and commercial nature of an existing industrially-zoned property located north of I-405.

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

**Consistency:** The proposed use is part of a growing industry and would be based in a location specifically identified for such uses by the City's electorate through Measure X and Measure Q. Therefore, approval would encourage new businesses and entrepreneurial opportunities in an area of the City identified for such by local voters.

**Conformance with the Zoning Code**

The proposed non-storefront retail use is conditionally permitted in the MP (Industrial Park) zone and is in compliance with the Costa Mesa applicable Zoning Code provisions, including, but not limited, to Articles 20 and 21.

**REQUIRED FINDINGS:**

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

- The proposed development or use is substantially compatible with developments in the same general area and would not be materially detrimental to other properties within the area. The subject site is within the Green Zone, an industrial area of the community where several types of cannabis uses are conditionally permitted, such as non-storefront retail, distribution, and manufacturing. The proposed use is a manufacturing, distribution and non-storefront (delivery) retail use proposed within the City's Green Zone. The other tenants on site are also cannabis facilities. Similar to other industrial uses, the proposed delivery business would not generate customer traffic to the site. As proposed and conditioned, the cannabis use would be compatible with adjacent industrial and commercial uses, including several other adjacent cannabis uses. Compliance with conditions of approval, other local regulations, and State requirements would allow this use to operate with minimal impact on surrounding properties and uses.
- Granting the conditional use permit will not be materially detrimental to the health, safety and general welfare of the public or otherwise injurious to property or improvements within the immediate neighborhood. The proposed manufacturing, distribution and non-storefront retail 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 Companies. Measures designed to maintain safety at the facility include—but are not limited to—window and door alarms, panic buttons, motion-detectors, limited access areas, a

monitored video surveillance system covering all exterior entrances, exits, and all interior limited access spaces. As proposed and conditioned, video recordings shall be maintained for a minimum of three months. As required by the CMMC and affirmed in the security plan, the business shall designate a security representative to be available to meet with the City Manager, Chief of Police, or their designees, regarding any security or operational concerns. The business employees, including delivery drivers and part-time staff, shall pass a live scan background check and obtain identification badges from the City. The recommended conditions of approval and local and State laws are intended to ensure that the use would not be materially detrimental to the health, safety and general welfare of the public or be otherwise injurious to property or improvements within the immediate neighborhood.

- Granting the conditional use permit will not allow a use, density or intensity which is not in accordance with the General Plan designation and any applicable specific plan for the property. The use is consistent with the General Plan goals and policies as discussed earlier in this report. The proposed use will be within an existing building (previously occupied by TRC Company, an engineering consultant business) and there are no proposed additions to the building; therefore, there is no change to intensity. As stated in the General Plan Land Use Element, the City's industrial designations "accommodate a variety of industrial and compatible office uses, as well as limited and supportive commercial uses." The use is consistent with General Plan policies related to providing a mixture of commercial goods, services, and employment opportunities; prioritizing commercial and industrial uses at properties north of I-405; and promoting the incubation of unique and specialized commercial and industrial businesses. In addition, the proposed use is a conditionally permitted use in the industrial zones.

#### **ENVIRONMENTAL DETERMINATION:**

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. This project site contains an existing building (previously occupied by an engineering consultant business) and the application does not propose an increase in floor area. The project is consistent with the applicable General Plan designation and all applicable General Plan policies as well as with applicable zoning designation and regulations.

#### **ALTERNATIVES:**

The Planning Commission has the following alternatives:

1. Approve the project. The Planning Commission may approve the project as proposed, subject to the conditions outlined in the attached Resolution.
2. Approve the project with modifications. The Planning Commission may suggest specific changes that are necessary to alleviate concerns. If any of the additional requested changes are substantial, the item should be continued to a future meeting to allow a redesign and/or additional analysis. In the event of significant modifications to the proposal, staff will return with a revised Resolution incorporating new findings and/or conditions.
3. Deny the project. If the Planning Commission believes that there are insufficient facts to support the findings for approval, the Planning Commission must deny the application, provide

facts in support of denial, and direct staff to incorporate the findings for denial into a Resolution for denial. If the project is denied, the applicant could not submit substantially the same type of application for at least six months.

**LEGAL REVIEW:**

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

**PUBLIC NOTICE:**

Pursuant to Title 13, Section 13-29(d), of the Costa Mesa Municipal Code, three types of public notification have been completed no less than 10 days prior to the date of the public hearing:

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

As of the date this report was drafted, no written public comments have been received. Any public comments received prior to the Planning Commission meeting will be forwarded separately to the Planning Commission.

**CONCLUSION:**

The proposed project is a manufacturing, distribution and non-storefront retail (delivery only) cannabis facility in the City's Green Zone. As proposed and conditioned, the proposed use would be consistent with other industrial uses in the Green Zone. The use is consistent with the Zoning Code and the City's General Plan. In addition, the required findings for the Conditional Use Permit can be met as described above. Therefore, staff recommends approval of Planning Application 21-12, subject to conditions of approval.



# City of Costa Mesa

## Agenda Report

77 Fair Drive  
Costa Mesa, CA 92626

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**File #:** 21-554

**Meeting Date:** 4/11/2022

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**TITLE:**

**PLANNING APPLICATION 21-12 FOR A CANNABIS MANUFACTURING, DISTRIBUTION AND NON-STOREFRONT RETAIL FACILITY ("DYRECT #4") AT 3595 CADILLAC AVENUE, UNIT 102**

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

**PRESENTED BY: JUSTIN ARIOS, ASSOCIATE PLANNER**

**CONTACT INFORMATION: JUSTIN ARIOS; 714.754.5667; Justin.Arios@costamesaca.gov**

**RECOMMENDATION:**

Staff recommends that the Planning Commission adopt a Resolution to:

1. Find that the project is categorically exempt from the provisions of the California Environmental Quality Act (CEQA), per CEQA Guidelines Section 15301 (Class 1), Existing Facilities; and
2. Approve Planning Application 21-12, subject to conditions of approval.

**APPLICANT OR AUTHORIZED AGENT:**

The applicant/authorized agent is Sean Maddocks, for the property owner, Cadillac Avenue Property, LLC.

**BACKGROUND:**

The subject 1.05-acre property is on the west side of Cadillac Avenue, north of Scenic Avenue, and within a portion of the City's industrial area known as the "Green Zone." The property is zoned MP (Industrial Park) and is surrounded by other MP-zoned properties. A variety of cannabis uses can be permitted in the Green Zone, including manufacturing, distribution, and non-storefront retail (direct delivery to consumers).

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There are no open Code Enforcement cases on this property.

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- Business License

The initial phase of a Cannabis Business Permit review includes a background check of the proposed owner, and an evaluation of the proposed business plan and security plan by the City's cannabis consultant, HdL Companies. The applicant has successfully completed these evaluations and staff issued a Notice to Proceed, which allows the applicant to continue to the next step in the review and submit a Conditional Use Permit (CUP) application.

If the CUP is approved, the applicant would begin the remaining steps of the CBP process. The applicant must obtain building permits, complete building improvements, demonstrate that all

conditions of approval have been satisfied, and that all other requirements of the CMMC have been satisfied. After passing the final City inspection, the CBP would be issued. CBP approval is valid for a two-year period and must be renewed prior to expiration. During the two-year permit period, the Community Improvement Division (CID), along with other City staff, will conduct site visits to verify the operation complies with all CUP and CBP requirements. Violations identified during site visits may be grounds for the revocation of the CBP or for non-renewal of a CBP.

After obtaining the CBP, the applicant may apply for and obtain a City Business License. In addition to the CUP, CBP, and Business License, the applicant must obtain the appropriate licenses from the State Department of Cannabis Control prior to operating.

### **DESCRIPTION:**

Planning Application 21-12 is a request for a CUP to operate a cannabis manufacturing and distribution facility, and a non-storefront retail cannabis (delivery only) use within a 5,940-square-foot tenant space at 3595 Cadillac Avenue, Unit 102. Delivery vehicles would be parked inside the existing warehouse and in the gated surface parking lot area.

The required State licenses for the proposed business establishment includes a Type 6 “manufacturer - non-volatile”, Type 9 “non-storefront retailer” and Type 11 “distributor.” A CUP and State license for the facility would allow the business to manufacture and transport cannabis products, as well as deliver pre-packaged cannabis and cannabis products directly to off-site customers, subject to conditions of approval and local and State requirements.

Cannabis cultivation is not proposed and is prohibited in Costa Mesa.

As described in the applicant’s letter (provided as an Attachment to this report), the proposed cannabis facility includes three main areas:

1. Manufacturing (1,048 square feet);
2. Distribution (1,606 square feet); and
3. Delivery (744 square feet).

There is also a Common Area that serves all three operations, which includes a shared office, two restrooms, a reception area and check-in area.

### **ANALYSIS:**

#### ***Manufacturing & Distribution Use***

The manufacturing area is limited to cartridge filling, pre-roll filling, edible gummy production, product packaging and other light manufacturing activities. The Distribution area includes two Transportation and Staging areas, a dispatch office and secure storage room. The secure storage room is used to store unfinished product and also used for basic packaging and labeling functions. The Transportation and Staging rooms are used for incoming and outgoing product verification pursuant to State requirements. The dispatch office is used for general administrative and “track and trace” services. All areas are closed to the public and can only be accessed through secured or controlled access points in the facility.

Below is a summary of the activities and product movement that are involved with the manufacturing

and distribution use:

- Receipt of bulk shipments including cannabis flower, extract oils and miscellaneous containers, such as vaporizer cartridges and tincture bottles into the distribution premises;
- Once received and validated per State requirements, bulk extract oils are stored in the designated secured storage area until it is ready to be transferred to the manufacturing premises;
- Once transferred from the distribution premises to the manufacturing premises, the non-volatile manufacturing would occur:
  - Cannabis flower would be fed through a pre-roll filling machine to create pre-rolls;
  - Oils would be fed into automated cartridge filling equipment that would fill the respective containers (i.e. vape cartridges and tinctures); or oils would be infused utilizing the induction cooktop to create the gummy solution;
- Finished vaporizer cartridges and tinctures (liquid cannabis-infused products) are transported back to the distribution product storage room while the batch undergoes laboratory testing by an authorized third-party testing facility; and
- Finished product scheduled for distribution to a licensed retail buyer or customer for delivery will be staged in the “Transportation/Staging” areas.

### ***Non-Storefront Retail Use***

Under the Type 9 State license, only packaged products can be delivered directly to customers. Packaged products would arrive to the facility by vehicles operated by State-licensed distributors and a small portion of product will come from in-house manufacturing, and proceed through compliance testing. No unsecured cannabis products would be stored in the warehouse.

Loading and unloading of cannabis products into delivery vehicles is proposed to take place inside of the building. As proposed and conditioned, video surveillance cameras will be installed on the interior and exterior of the building with direct views of the loading/unloading areas and the exterior roll-up doors.

The applicable State and local operating requirements for non-storefront retail delivery operations are summarized below:

- All employees who deliver cannabis shall have valid identification and a copy of the Cannabis Business Permit (CBP) and State license at all times while making deliveries.
- All employees are at least 21 years of age.
- Delivery to consumers is limited to the hours between 7 AM and 10 PM.
- All commercial cannabis retail businesses shall maintain proof of vehicle insurance for any and all vehicles being used to transport cannabis goods as required by State law.
- During delivery, the delivery employee shall maintain a physical or electronic copy of the delivery request and shall make it available upon request by the licensing authority and law enforcement officers. The delivery request documentation shall comply with State law.
- A licensed delivery employee shall not leave the State of California while possessing cannabis products and/or performing his or her duties for the cannabis retailer.

- A commercial cannabis retail business shall maintain a list of all deliveries, including the address delivered to, the amount and type of product delivered, and any other information required by the State.
- A manifest with all information required pursuant to local and State provisions shall accompany any delivery person at all times during the delivery process and delivery hours.
- Any delivery method shall be made in compliance with State law, as amended, including use of a vehicle that has a dedicated GPS device for identifying the location of the vehicle (cell phones and tablets are not sufficient).
- Each delivery request shall be entered into a point-of-sale tracking system and have a receipt prepared by the commercial cannabis retail business with the following information:
  - Name and address of the commercial cannabis retail business.
  - The name of the employee who delivered the order.
  - The date and time the delivery request was made.
  - The complete customer's first name, retail-assigned identification number, and delivery addresses.
  - A detailed description of the cannabis goods requested for delivery including the weight or volume, or any accurate measure of the amount of cannabis goods requested.
  - The total amount paid for the delivery including any fees or taxes.
  - The date and time delivery was made, and the signature of the person who received the delivery.
  - At the time of the delivery, the person receiving the delivery provides identification and must be 21 years old.
- No cannabis delivery vehicle shall display signs, decals or any other form of advertisement.
- Inspections by an authorized City representative may be conducted anytime during regular business hours.
- Delivery must be made to a physical address that is not on publicly owned land, a school, a day care, or a youth center.
- The delivery employee shall not carry cannabis goods valued in excess of \$5,000 at any time with no more than \$3,000 of cannabis goods that are not already part of a customer order that was processed prior to leaving the premises.
- Delivery must be made in person by a direct employee of the licensed retailer. An independent contractor, third-party courier service, or an individual employed through a staffing agency would not be considered directly employed by the licensed retailer.
- The delivery employee shall confirm the age of the buyer through entering government-issued identification information into an electronic age verification system.

### ***Business Plan***

The applicant provided a detailed business plan that was evaluated by the City's cannabis consultant, HdL Companies. The business plan described the owner's background, proof of capitalization, start-up budget, a three-year pro forma, target customers, and day-to-day operations. The business plan contains proprietary details and is therefore not included as an attachment to this staff report.

Order fulfillment procedures are an example of the day-to-day operations explained in the business plan. Orders would be placed via telephone or a secured online portal. In both methods, customers



must register with the company prior to placing an order. The registration process includes age verification and uploading an acceptable government-issued identification card. After a registered customer places an order, the dispatcher will group the pre-packaged products in an unmarked package within a secured storage area. The items would be stored until the agreed-upon delivery window of time. At the appropriate time, a batch of orders would be moved to the delivery vehicle's storage receptacle. Deliveries in similar geographic areas would be batched together to increase efficiency and decrease vehicle miles traveled. The following are some of the other day-to-day operations described in the Business Plan:

- Screening and Entrance procedures;
- Facility maintenance and sanitation;
- Storage and Transport equipment checks and record logging;
- Security checks;
- Records maintenance and other administrative duties;
- Ongoing safety and job specific training;
- Environmental monitoring;
- Packaging and labeling - compliance checks; and
- Product coordination.

### ***Security Plan***

The applicant provided a professionally prepared security plan for the proposed project. The City's security consultant, HdL Companies, reviewed the proposed security plan. HdL Companies determined that appropriate security measures were included to address the City's security requirements pursuant to Chapter VI of CMMC Title 9 and State law.

Since the security plan contains sensitive operational measures that require limited exposure to remain effective, the plan is not included as an attachment. However, the following is generally a list of measures that are provided in the plan and required by the CMMC:

- Live scan background check for every employee including drivers;
- City-issued identification badge for each employee;
- Professionally installed and monitored exterior and interior surveillance cameras;
- Professionally installed, maintained, and monitored alarm system including panic buttons and window and door alarms;
- Surveillance footage must be maintained for a minimum of 90 days;
- Secured storage of cash, cannabis and cannabis products;
- Sensors that detect entry and exit from all secured areas;
- Emergency power supply;
- Emergency equipment and training;
- Driver and vehicle safety protocol;
- Vendor protocol (cash and product transportation); and
- Limited access areas and visitor check in and security.

As proposed and conditioned, all facility entry and exit points, locations where cash or cannabis products are handled or stored shall be under camera surveillance. As conditioned, the applicant shall submit to the City a list of all vehicles to be used for retail delivery purposes. The list shall

identify the make, model, color, license plate number, and registered owner of each vehicle. The applicant shall submit an updated vehicle list each quarter with the required quarterly update to the employee roster pursuant to the CBP. Additionally, the City is conditioning the project so all Type 9 delivery vehicle drivers shall be at least age 21, have a current driver's license, successfully complete a live scan, and have a City-issued badge. The business operator shall ensure that all vehicles are properly maintained, all delivery drivers have a good driving record, and each driver conducts a visual inspection of the vehicle at the beginning of a shift.

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

The existing surface parking lot includes 38 stalls to serve the 18,431-square-foot building. The existing parking ratio is 2.06 stalls per 1,000 square feet instead of the City's standard 3 parking stalls per 1,000 square feet for industrial properties. The legal non-conforming parking is allowed to continue so long as the development will not be made more nonconforming per CMMC Title 13, Chapter X, Table 13-204. The proposed use is an anticipated use in the MP zone and the project would not include adding any building square footage. Therefore, the proposed project would not make the development more nonconforming. Additionally, Unit 102 includes a 5,940-square-foot warehouse with two roll-up doors for vehicle access and additional parking for delivery vehicles. The roll-up doors are directly accessible from the parking lot. Transportation reviewed the project plans and did not require any corrections or conditions of approval beyond the City's standard conditions.

If parking shortages or other parking-related problems are discovered in the future, operational condition of approval No. 7 requires the business operator to institute appropriate measures necessary to minimize or eliminate the problem including, but not limited to, reducing operating hours of the business, reducing the number of delivery vehicles, and/or limiting the number of persons within the suite.

### **GENERAL PLAN CONFORMANCE:**

#### ***Conformance with the City of Costa Mesa General Plan***

The Costa Mesa General Plan establishes the long range planning and policy direction that guides change and preserves the qualities that define the community. The 2015-2035 General Plan sets forth the vision for Costa Mesa for the next two decades. This vision focuses on protecting and enhancing Costa Mesa's diverse residential neighborhoods, accommodating an array of businesses that serve both local needs and attract regional and international spending, and providing cultural, educational, social, and recreational amenities that contribute to the quality of life in the community. Over the long term, General Plan implementation will ensure that development decisions and improvements to public and private infrastructure are consistent with the goals, objectives, and policies contained in this Plan.

The following analysis evaluates the proposed project's consistency with specific policies and objectives of the 2015-2035 General Plan.

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

**Consistency:** The proposed cannabis use would provide a new entrepreneurial business in Costa Mesa as allowed under Measure X and Measure Q (local voter approved ballot measures), new goods and services, and provide new employment opportunities in the community.

**1. Policy LU-6.3:** *Continue to prioritize commercial and industrial park use of properties north of I-405 and within the Airport Industrial District.*

**Consistency:** The proposed use would continue the industrial and commercial nature of an existing industrially-zoned property located north of I-405.

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

**Consistency:** The proposed use is part of a growing industry and would be based in a location specifically identified for such uses by the City's electorate through Measure X and Measure Q. Therefore, approval would encourage new businesses and entrepreneurial opportunities in an area of the City identified for such by local voters.

**Conformance with the Zoning Code**

The proposed non-storefront retail use is conditionally permitted in the MP (Industrial Park) zone and is in compliance with the Costa Mesa applicable Zoning Code provisions, including, but not limited, to Articles 20 and 21.

**REQUIRED FINDINGS:**

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

- The proposed development or use is substantially compatible with developments in the same general area and would not be materially detrimental to other properties within the area. The subject site is within the Green Zone, an industrial area of the community where several types of cannabis uses are conditionally permitted, such as non-storefront retail, distribution, and manufacturing. The proposed use is a manufacturing, distribution and non-storefront (delivery) retail use proposed within the City's Green Zone. The other tenants on site are also cannabis facilities. Similar to other industrial uses, the proposed delivery business would not generate customer traffic to the site. As proposed and conditioned, the cannabis use would be compatible with adjacent industrial and commercial uses, including several other adjacent cannabis uses. Compliance with conditions of approval, other local regulations, and State requirements would allow this use to operate with minimal impact on surrounding properties and uses.
- Granting the conditional use permit will not be materially detrimental to the health, safety and general welfare of the public or otherwise injurious to property or improvements within the immediate neighborhood. The proposed manufacturing, distribution and non-storefront retail 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 Companies. Measures designed to maintain safety at the facility include—but are not limited to—window and door alarms, panic buttons, motion-detectors, limited access areas, a

monitored video surveillance system covering all exterior entrances, exits, and all interior limited access spaces. As proposed and conditioned, video recordings shall be maintained for a minimum of three months. As required by the CMMC and affirmed in the security plan, the business shall designate a security representative to be available to meet with the City Manager, Chief of Police, or their designees, regarding any security or operational concerns. The business employees, including delivery drivers and part-time staff, shall pass a live scan background check and obtain identification badges from the City. The recommended conditions of approval and local and State laws are intended to ensure that the use would not be materially detrimental to the health, safety and general welfare of the public or be otherwise injurious to property or improvements within the immediate neighborhood.

- Granting the conditional use permit will not allow a use, density or intensity which is not in accordance with the General Plan designation and any applicable specific plan for the property. The use is consistent with the General Plan goals and policies as discussed earlier in this report. The proposed use will be within an existing building (previously occupied by TRC Company, an engineering consultant business) and there are no proposed additions to the building; therefore, there is no change to intensity. As stated in the General Plan Land Use Element, the City's industrial designations "accommodate a variety of industrial and compatible office uses, as well as limited and supportive commercial uses." The use is consistent with General Plan policies related to providing a mixture of commercial goods, services, and employment opportunities; prioritizing commercial and industrial uses at properties north of I-405; and promoting the incubation of unique and specialized commercial and industrial businesses. In addition, the proposed use is a conditionally permitted use in the industrial zones.

#### **ENVIRONMENTAL DETERMINATION:**

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. This project site contains an existing building (previously occupied by an engineering consultant business) and the application does not propose an increase in floor area. The project is consistent with the applicable General Plan designation and all applicable General Plan policies as well as with applicable zoning designation and regulations.

#### **ALTERNATIVES:**

The Planning Commission has the following alternatives:

1. Approve the project. The Planning Commission may approve the project as proposed, subject to the conditions outlined in the attached Resolution.
2. Approve the project with modifications. The Planning Commission may suggest specific changes that are necessary to alleviate concerns. If any of the additional requested changes are substantial, the item should be continued to a future meeting to allow a redesign and/or additional analysis. In the event of significant modifications to the proposal, staff will return with a revised Resolution incorporating new findings and/or conditions.
3. Deny the project. If the Planning Commission believes that there are insufficient facts to support the findings for approval, the Planning Commission must deny the application, provide

facts in support of denial, and direct staff to incorporate the findings for denial into a Resolution for denial. If the project is denied, the applicant could not submit substantially the same type of application for at least six months.

**LEGAL REVIEW:**

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

**PUBLIC NOTICE:**

Pursuant to Title 13, Section 13-29(d), of the Costa Mesa Municipal Code, three types of public notification have been completed no less than 10 days prior to the date of the public hearing:

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

As of the date this report was drafted, no written public comments have been received. Any public comments received prior to the Planning Commission meeting will be forwarded separately to the Planning Commission.

**CONCLUSION:**

The proposed project is a manufacturing, distribution and non-storefront retail (delivery only) cannabis facility in the City's Green Zone. As proposed and conditioned, the proposed use would be consistent with other industrial uses in the Green Zone. The use is consistent with the Zoning Code and the City's General Plan. In addition, the required findings for the Conditional Use Permit can be met as described above. Therefore, staff recommends approval of Planning Application 21-12, subject to conditions of approval.

**RESOLUTION NO. PC-2022-**

**A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF COSTA MESA, CALIFORNIA APPROVING PLANNING APPLICATION 21-12 FOR A CANNABIS MANUFACTURING, DISTRIBUTION AND NON-STOREFRONT RETAIL FACILITY (DYRECT #4) AT 3595 CADILLAC AVENUE, UNIT 102**

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

WHEREAS, on or about November 8, 2016, Costa Mesa voters approved Measure X; which allows for the distribution, manufacturing, processing, research and development laboratories, testing laboratories and transportation of marijuana related uses located in the Industrial Park (MP) and Planned Development Industrial (PDI) zoned properties north of South Coast Drive, west of Harbor Boulevard, excluding the South Coast Collection (SOCO) property located at 3033 Hyland Avenue.

WHEREAS, on or about November 3, 2020, Costa Mesa voters approved Measure Q; which allows for storefront and non-storefront retail cannabis uses in commercially zoned properties meeting specific location requirements, and non-storefront retail cannabis uses in Industrial Park (MP) and Planned Development Industrial (PDI) zoned properties.

WHEREAS, Planning Application 21-21 was filed by Sean Maddocks, authorized agent for the property owner, Cadillac Avenue Property, LLC, requesting approval of the following:

A Conditional Use Permit to operate a cannabis manufacturing and distribution facility including a non-storefront retail cannabis (delivery only) use within a 5,940-square-foot tenant space at 3595 Cadillac Avenue, Unit 102.

WHEREAS, On July 8, 2021, Sean Maddocks the authorized agent of Dyrect #4, was issued a Notice to Proceed, which allows the applicant to proceed with submittal of a Conditional Use Permit application consistent with the procedures set forth in Section 13-200.92 of the CMMC;

WHEREAS, a duly noticed public hearing was held by the Planning Commission on April 11, 2022 with all persons having the opportunity to speak for and against the proposal;

WHEREAS, pursuant to the California Environmental Quality Act (CEQA), the project is exempt from the provisions of the California Environmental Quality Act (CEQA) per Section 15301 (Class 1), for Existing Facilities.

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

NOW, THEREFORE, based on the evidence in the record and the findings contained in Exhibit A, and subject to the conditions of approval contained within Exhibit B, the Planning Commission hereby **APPROVES** Planning Application 21-21 with respect to the property described above.

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

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

**PASSED AND ADOPTED this 11th day of April, 2022.**

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Byron de Arakal, Chair  
Costa Mesa Planning Commission

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

I, Scott Drapkin, Secretary to the Planning Commission of the City of Costa Mesa, do hereby certify that the foregoing Resolution No. PC-2022- \_\_ was passed and adopted at a regular meeting of the City of Costa Mesa Planning Commission held on April 11, 2022 by the following votes:

AYES: COMMISSIONERS

NOES: COMMISSIONERS

ABSENT: COMMISSIONERS

ABSTAIN: COMMISSIONERS

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Scott Drapkin, Secretary  
Costa Mesa Planning Commission

Resolution No. PC-2022- \_\_



## EXHIBIT A

### **FINDINGS**

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

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

**Facts in Support of Findings:** The subject site is within the Green Zone, an industrial area of the community where several types of cannabis uses are conditionally permitted, such as non-storefront retail, distribution, and manufacturing. The proposed use is a manufacturing, distribution and non-storefront (delivery) retail use proposed within the City's Green Zone. The other tenants on site are also cannabis facilities. Similar to other industrial uses, the proposed delivery business would not generate customer traffic to the site. As proposed and conditioned, the cannabis use would be compatible with adjacent industrial and commercial uses, including several other adjacent cannabis uses. Compliance with conditions of approval, other local regulations, and State requirements would allow this use to operate with minimal impact on surrounding properties and uses.

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

**Facts in Support of Finding:** The proposed manufacturing, distribution and non-storefront retail 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 Companies. Measures designed to maintain safety at the facility include—but are not limited to—window and door alarms, panic buttons, motion-detectors, limited access areas, a monitored video surveillance system covering all exterior entrances, exits, and all interior limited access spaces. As proposed and conditioned, video recordings shall be maintained for a minimum of three months. As required by the CMMC and affirmed in the security plan, the business shall designate a security representative to be available to meet with the City Manager, Chief of Police, or their designees, regarding any security or operational concerns. The business employees, including delivery drivers and part-time staff, shall pass a live scan background check and obtain identification badges from the City. The recommended conditions of approval and local and State laws are intended to ensure that the use would not be materially detrimental to the health, safety and general welfare of the public or be otherwise injurious to property or improvements within the immediate neighborhood.

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

**Facts in Support of Finding:** The use is consistent with the General Plan goals and policies as discussed earlier in this report. The proposed use will be within an existing building (previously occupied by TRC Company, an engineering consultant business) and there are no proposed additions to the building; therefore, there is no change to intensity. As stated in the General Plan Land Use Element, the City's industrial designations "accommodate a variety of industrial and compatible office uses, as well as limited and supportive commercial uses." The use is consistent with General Plan policies related to providing a mixture of commercial goods, services, and employment opportunities; prioritizing commercial and industrial uses at properties north of I-405; and promoting the incubation of unique and specialized commercial and industrial businesses. In addition, the proposed use is a conditionally permitted use in the industrial zones.

- B. **Finding:** 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. This project site contains an existing building and does not propose an increase in floor area. The project is consistent with the applicable General Plan designation and all applicable General Plan policies as well as with applicable zoning designation and regulations.
- C. The project is not 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**

1. The use of this property as a cannabis manufacturing, distribution and non-storefront retail (delivery) business shall comply with the approved plans and terms described in the resolution and these conditions of approval. 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 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 manufacturing, processing, laboratory testing, transporting, delivery, distribution, or sale of cannabis or a cannabis product unless the person:
  - a. Has a valid Cannabis Business Permit from the City;
  - b. Has paid all Cannabis Business Permit and all application fees and deposits established by resolution of the City Council, including annual Community Improvement Division Inspection deposits;
  - c. Has obtained all applicable planning, zoning, building, and other applicable permits from the relevant governmental agency which may be applicable to the zoning district in which such cannabis business intends to operate;
  - d. Has obtained a City business license pursuant to Chapter I of the Municipal Code;
  - e. Has met all requirements of 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 conditions of approval of this MCUP.

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. The subject business shall comply with the operating requirements for non-storefront delivery listed in CMMC Title 9, Chapter VI, Section 9-495(i), except for No. 4, which applies only to delivery conducted from a retail storefront, not non-storefront delivery.
6. No storefront retail or cultivation of cannabis is allowed anywhere on the premises.
7. Business identification signage shall be limited to that needed for identification only. Business identification signage shall not include any references to marijuana, whether in words or symbols. All signs shall comply with the CMMC. No sign shall be installed until the owner/operator or its designated contractor has obtained any permit required from the City.
8. A Cannabis Business Permit may be revoked upon a hearing by the Director of Development Services 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 CUP and its amendments. The CUP granted herein shall not be construed to allow any subsequent owner/operator to continue operating under PA-21-12 until a valid new Cannabis Business Permit is received from the City of Costa Mesa.
9. 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.
10. The applicant shall obtain State License Types 6, 9 and 11 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.
11. Except for delivery operations allowed by this CUP and under an active CBP and State Type 9 license, the applicant, including any employee thereof, shall not sell, distribute, furnish, and/or otherwise provide any cannabis or cannabis product under its possession and/or control to any person, firm, corporation, group or any other entity, unless that person or entity 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. Applicant is charged with a duty to, and shall first verify, that the recipient, whether located in the City or elsewhere, of any cannabis or cannabis product so sold, distributed, furnished, and/or otherwise provided by or on behalf of Applicant, possesses all required permits and/or licenses therefore.

12. Vehicle loading and unloading shall only take place underroof or in designated parking spaces within direct unobstructed view of surveillance cameras, located in close proximity to the shipping and receiving exterior door, as shown on an exhibit approved by the Director of Development Services or designee. No loading and unloading of cannabis products into the vehicles shall take place outside of camera view. Video surveillance cameras shall be installed on the exterior of the building with direct views of the exterior roll-up door and loading areas. Any modifications or additional vehicle loading and unloading areas shall be submitted to the Director of Development Services or designee for approval.
13. If distribution is conducted by a third party company, the loading areas shall be free and clear of any cannabis products and the third party distributor shall be escorted at all times. All cannabis products within the receiving/quarantine or storage area shall be secured in a locked container. Prior to a distributor's arrival, distributors are required to give notice to authorized facility personnel. Upon arrival, authorized facility personnel shall escort the distributor vehicle to the loading area.
14. Third parties are prohibited from providing delivery services for the Type 9 non-storefront retail (delivery) license.
15. The applicant shall defend, indemnify, and hold harmless the City, its elected and appointed officials, agents, officers and employees from any claim, action, or proceeding (collectively referred to as "proceeding") brought against the City, its elected and appointed officials, agents, officers or employees arising out of, or which are in any way related to, the applicant's project, or any approvals granted by City related to the applicant's project. 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 applicant's 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. City shall have the right to choose its own legal counsel to represent the City's interests, and applicant shall indemnify City for all such costs incurred by City.
16. 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.
17. The owner/operator shall obtain and maintain at all times during the term of the permit comprehensive general liability insurance and

comprehensive automotive liability insurance protecting the permittee in an amount of not less than one million dollars (\$2,000,000.00) per occurrence, combined single limit, including bodily injury and property damage and not less than one 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. 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.

18. The operator shall maintain a valid Cannabis Business Permit and a valid Business License at all times. The original Cannabis Business Permit application number associated with this address is MX-21-0001. 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 tenant space.
19. Cannabis shall not be consumed on the premises at any time, in any form.
20. No outdoor storage of cannabis or cannabis products is permitted at any time.
21. All cannabis and cannabis products tested, sold, distributed and/or manufactured pursuant to this CUP shall be transported by persons licensed to do so and shall only be sold, distributed, transported or otherwise furnished to facilities operating in full conformance with all applicable State and local laws and regulations. The discovery of a cannabis product originating from this facility at any unpermitted or otherwise unlawful cannabis facility or operation, including a dispensary, may be considered as evidence in any action to revoke, suspend or modify this CUP and/or the corresponding Cannabis Business Permit that is based on whole or in part on this condition of approval or any related provision of the Municipal Code.
22. The sale, dispensing, or consumption of alcoholic beverages on or about the premises is prohibited.
23. Persons under the age of twenty-one (21) years shall not be allowed on the premises of this business. 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.
24. The owner/operator shall prohibit loitering by persons outside the facility both on the premises and within fifty (50) feet of the premises.
25. No cannabis or cannabis products, or graphics depicting cannabis or cannabis products, shall be visible from the exterior of this property, or on any of the vehicles owned or used as part of the cannabis business.
26. 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 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.

27. Should any employee, volunteer or other person who possess an identification badge be terminated or cease their employment with the business, the applicant shall return such identification badge to the Community Improvement Division within 24 hours, not including weekends and holidays.
28. Inspections of this cannabis business by the City will be conducted, at a minimum, on a quarterly basis. Code Enforcement officers, the Building Official and/or the Fire Marshal may enter and inspect the location of this business between the hours of 8 a.m. and 5 p.m. Monday through Friday upon 24 hours' telephonic notice to the owner or operator, to ensure compliance with this CUP.
29. The City Manager or her or his designees may enter this business at any time during the hours of operation without notice, and inspect the location of this business as well as any recordings and records required to be maintained pursuant to Title 9, Chapter VI or under applicable provisions of State law.
30. 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 CUP will expire and be of no further force and effect if any State issued license remains suspended for a period of 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.
31. 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.
32. 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.

33. 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 production or manufacturing, laboratory testing and distribution processes. 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.
34. 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 CBP. A change in ownership that affects an interest of less than 51 percent shall be required to be a minor modification to the CBP.
35. 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 falsifies any records, recordings or other documents required to be maintained by a cannabis business under this chapter or under State or local law.

36. There shall be no extraction operations, refining, or winterization conducted in this facility.
37. There shall be no storage or use of volatiles, solvents, or hazardous materials at this facility.
38. Any change in equipment, operation, or hazard shall be submitted to the City for review and approval prior to the change taking place.
39. 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.
40. A copy of the approved Safety Plan shall be maintained onsite at all times, and it shall be available at the request of any City Official.
41. 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.
42. 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.
43. Hours of construction shall comply with Section 13-279, Title 13, of the Costa Mesa Municipal Code.
44. Street address shall be visible from the public street and/or shall be displayed on the freestanding sign. If there is no freestanding sign, the street address may be displayed on the fascia adjacent to the main entrance or on another prominent location. When the property has alley access, address numerals shall be displayed in a prominent location visible from the alley. Numerals shall be a minimum twelve (12) inches in height with not less than three-fourth-inch stroke and shall contrast sharply with the background. Identification of individual units shall be provided adjacent to the unit entrances. Letters or numerals shall be four (4) inches in height with not less than one-fourth-inch stroke and shall contrast sharply with the background.
45. Any mechanical equipment such as air-conditioning equipment and duct work shall be screened from view in a manner approved by the Planning Division.
46. Trash enclosure(s) or other acceptable means of trash disposal shall be provided. Design of trash enclosure(s) shall conform to City standards.
47. Vehicle standing, loading and unloading shall be conducted so as not to interfere with normal use of streets, sidewalks, driveways and on-site parking.

48. No vehicle loading area shall encroach into a required building setback along a public right-of-way.
49. 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.
50. Equipment shall comply with the California Building and Fire Code requirements, including, but not limited to, the requirement that equipment be approved by a recognized testing laboratory for the specific use.
51. The use shall operate in accordance with the Business Plan approved as part of the Cannabis Business Permit. Any changes to the Business Plan must submitted to, and approved by, the Planning Division. A written explanation of the changes shall accompany the submittal. Changes to the Business Plan will trigger an amendment to the CBP and may trigger an amendment to this CUP.
52. The use shall operate in accordance with the Security Plan approved as part of the Cannabis Business Permit. Any changes to the Security Plan must submitted to, and approved by, the Planning Division. A written explanation of the changes shall accompany the submittal. Changes to the Security Plan will trigger an amendment to the CBP and may trigger an amendment to this CUP.

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

1. Plans shall be prepared by a California licensed Architect or Engineer. Plans shall be wet stamped and signed by the licensed Architect or Engineer.
2. No sign shall be installed until the owner/operator or its designated contractor has obtained any permit 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.
3. The conditions of approval and ordinance or code provisions of Planning Application 21-12 shall be blueprinted on the face of the site plan as part of the plan check submittal package when building permits are necessary.

4. Prior to the Building Division issuing a demolition permit. contact South Coast Air Quality Management District (AQMD) located at:  
21865 Copley Dr.  
Diamond Bar, CA 91765-4178  
Tel: 909- 396-2000  
or  
Visit their web site:  
<http://www.costamesaca.gov/modules/showdocument.aspx?documentid=23381>. The Building Div. will not issue a demolition permit until an Identification Number is provided by AQMD.
5. Odor control devices and techniques shall be incorporated to ensure that odors from cannabis are not are not detected outside the property, anywhere on adjacent property or public right-of-way, or within any other units located within the same building as the cannabis business. Building and mechanical permits must be obtained from the Building Division prior to work commencing on any part of the odor control system.
6. The plans 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.

**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 inspections, final occupancy and utility releases will not be granted until all such licenses have been obtained.

**Prior to Issuance of Cannabis Business Permit**

1. The applicant shall contact the Planning Division for a facility inspection and provide a matrix of conditions of approval explaining how each was met prior to issuance of a modification to the Cannabis Business Permit.
2. The applicant shall submit to the City a list of all vehicles to be used for retail delivery purposes. The list shall identify the make, model, color, license plate number and registered owner of each vehicle.
3. The applicant shall pay the public notice fees (\$1 per notice post card) and the newspaper ad publishing cost.
4. The final Security Plan shall be consistent with the approved building plans.
5. 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.
6. The owner/operator shall obtain and maintain at all times during the term of the permit comprehensive general liability insurance and comprehensive automotive liability insurance protecting the permittee in an amount of not less than two million dollars (\$2,000,000.00) per occurrence, combined single limit, including bodily injury and property damage and not less than two million dollars (\$2,000,000.00) aggregate for each personal injury liability, products-completed operations and each accident, issued by an insurance provider admitted and authorized to do business in California and shall be rated at least A-:viii in A.M. Best & Company's Insurance Guide. Such policies of insurance shall be endorsed to name the City of Costa Mesa as an additional insured. Proof of said insurance must be provided to the Planning Division before the business commences operations. Any changes to the insurance policy must be submitted to the Planning Division within 10 days of the date the change is effective.
7. The applicant shall submit an executed Retail Cannabis Business Permit Defense and Indemnity Agreement on a form to be provided by the City.

### **Operational Conditions**

1. No product distribution shall occur between 12:00 AM and 5:00 AM.
2. Delivery to customers is limited to the hours between 7:00 AM and 10:00 PM.
3. The applicant shall submit an updated vehicle list each quarter with the quarterly update to the employee roster required pursuant to the CBP. The number of vehicles parked onsite in commonly-held parking areas shall not exceed the number of available onsite surplus parking spaces. Delivery vehicles not owned by employees shall not be parked on City streets when not in use.
4. The operator shall ensure that all vehicles are properly maintained, all delivery drivers have a good driving record, and each driver conducts a visual inspection of the vehicle at the beginning of each shift.
5. The operator shall maintain free of litter all areas of the premises under which applicant has control.
6. 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 whatever security and operational measures are necessary to comply with this requirement.
7. If parking shortages or other parking-related problems develop, the business owner or operator will be required to institute appropriate operational measures necessary to minimize or eliminate the problem in a manner deemed appropriate by the Development Services Director.
8. All employees must wear an identification badge while on the premises of the business and/or performing deliveries, in a format proscribed by the

City Manager. When on the premises, badges must clearly visible and worn on outermost clothing and above the waist in a visible location.

9. During each delivery stop, the delivery vehicle shall be parked in a safe manner (i.e., not impeding traffic circulation), the engine shall be turned off and the vehicle shall be locked.
10. The operator shall ensure that deliveries are grouped to decrease total trip generation.
11. Vehicle loading and unloading shall only take place underroof or in designated parking spaces within direct unobstructed view of surveillance cameras, located in close proximity to the shipping and receiving exterior door, as shown on an exhibit approved by the Director of Development Services or designee. No loading and unloading of cannabis products into the vehicles shall take place outside of camera view. Video surveillance cameras shall be installed on the exterior of the building with direct views of the exterior roll-up door and loading areas. Any modifications or additional vehicle loading and unloading areas shall be submitted to the Director of Development Services or designee for approval.
12. Vehicle standing, loading and unloading shall be conducted so as not to interfere with normal use of streets, sidewalks, driveways and on-site parking.
13. The sale, dispensing, or consumption of alcoholic beverages on or about the premises is prohibited.
14. No outdoor storage of cannabis or cannabis products is permitted at any time.
15. Cannabis shall not be consumed on the premises at any time, in any form.
16. The owner/operator shall prohibit loitering by persons outside the facility both on the premises and within fifty (50) feet of the premises.
17. No cannabis or cannabis products, or graphics depicting cannabis or cannabis products, shall be visible from the exterior of this property, or on any of the vehicles owned or used as part of the cannabis business.
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.

November 14, 2021

Costa Mesa Development Services  
77 Fair Drive  
Costa Mesa, CA 92626  
(714) 754-5270

RE: Dyrect #4 LLC (“Dyrect”) Applicant Letter for Commercial Cannabis Retail Non-Storefront; Manufacturing and Distribution

To the City of Costa Mesa,

We are writing this Applicant Letter as part of our Conditional Use Permit Application, which includes a proposed non-storefront retail (delivery), non-volatile manufacturing, and distribution CUP at the at 3595 Cadillac Ave Suite 102, Costa Mesa, CA 92626.

Dyrect is primarily a manufacturing company dedicated to the production and sale of cannabis extracts, oils and concentrates. We partner with licensed cultivators to source high quality cannabis flower and cannabis by-product and then refine those raw materials into premium finished products of the highest purity. Our operations also include a distribution arm where we are able to procure bulk raw materials directly from cultivators rather than acquiring them through a third party. This gives us maximum oversight of quality assurance and control to ensure that all of our raw materials and finished products adhere to and exceed the minimum requirements of State laboratory testing regulations, thus creating the most beneficial products for the end user. In addition to the Manufacturing and Distribution arms of our business, the proposed operations also incorporate a non-Storefront Retail Delivery. Dyrect has established itself as a large player in the Los Angeles delivery market and we look forward to the opportunity to expand our operations into Orange County through our Costa Mesa location.

The proposed hours of operation for the Delivery, Manufacturing and Distribution Services are 7:00am - 10:00pm, which are within the designated hours of operation window of 7:00am – 10:00pm established by the City of Costa Mesa Ordinance No. 2021-09 § 9-495(h)(4).

Our CUP includes language surrounding the number of employees we plan to employ once we are granted licensure and can begin operations. This includes 1 General Manager, 2 Assistant Managers, 2 Sales/Transport Personnel, 2 Manufacturing Employees, 2 Delivery Dispatchers, and 4 delivery drivers.

Our Conditional Use Permit encompasses commercial cannabis facility is broken down into three main areas. First, the Manufacturing Department amasses 1,048 square feet (sqft) between the Packaging/Labeling rooms and the offices. Next, the Distribution Department amasses 1,606 sqft and encompasses the Distribution Transportation/Staging Rooms, Inventory Storage Room, and Dispatch Office. Last, we are proposing the use of 744 sqft for our Delivery Service, which includes a Dispatch Center to process orders and prepare routes, an Order Preparation Area to prepare orders for delivery, Inventory Storage Room to secure all delivery-specific inventory and an Office for the storage of records and Security Digital Video Recording System. There is also a Common Area for all three licenses which includes a shared office, and two Rest Rooms, one of which meets all requirements of the Americans with Disabilities Act. The facility also features a Reception, Hallway and check-in, which are all part of the facility common areas. There are no proposed changes to the property exterior, and the existing 16 parking spaces are enough to accommodate the increased level of vehicle traffic from Delivery operations.

We look forward to bringing the City of Costa Mesa premiere commercial cannabis that provides an unparalleled customer experience and various additional community benefits. Please reach out to Chloe Parker via email at [chloe@mydyrect.com](mailto:chloe@mydyrect.com) or via phone at (949) 396-9999 with any questions or concerns.

Sincerely,



Dyrect #4 LLC

## **DYRECT #4 LLC CONDITIONAL USE PERMIT**

<b><u>Applicant Name:</u></b>	Dyrect #4 LLC
<b><u>Business Entity:</u></b>	Limited Liability Company
<b><u>Operators Business Name:</u></b>	Dyrect
<b><u>Location:</u></b>	3595 Cadillac Avenue, Suite 102, Costa Mesa CA
<b><u>APN:</u></b>	139-651-05
<b><u>Building/Project Size:</u></b>	5,940ft <sup>2</sup>
<b><u>Year Built:</u></b>	1978
<b><u>Construction Type:</u></b>	Type III-B, Non-Rated, One-Story Building, Non-Sprinklered,
<b><u>Occupancy Type:</u></b>	F-1, Manufacturing (Type-6 (non-volatile)), Distribution (type-11), Non-storefront Retailer (Type-9)
<b><u>Business Description:</u></b>	Licensed and Permitted Manufacturing (Non-Volatile), Distribution and Non-storefront Retail Delivery of State compliant cannabis goods.

### **Types of Marijuana Businesses:**

1. Marijuana Manufacturer – Non-Volatile
2. Marijuana Distributor
3. Marijuana Non-Storefront Retailer

### **Types of California State Licenses Proposed:**

1. Type-6 Manufacturer
2. Type-11 Distributor
3. Type-9 Non-Storefront Retailer

### **Notice to Proceed and Background Check Clearance Letter:**

- Dyrect received a notice to proceed and background check clearance letter from the City of Costa Mesa on July 8, 2021.

### **Prior Use of Property:**

3595 Cadillac Ave Suite 102 was previously occupied by TRC Company, an engineer consulting business.

### **Primary Activities: Cannabis Distribution and Non-volatile Manufacturing**

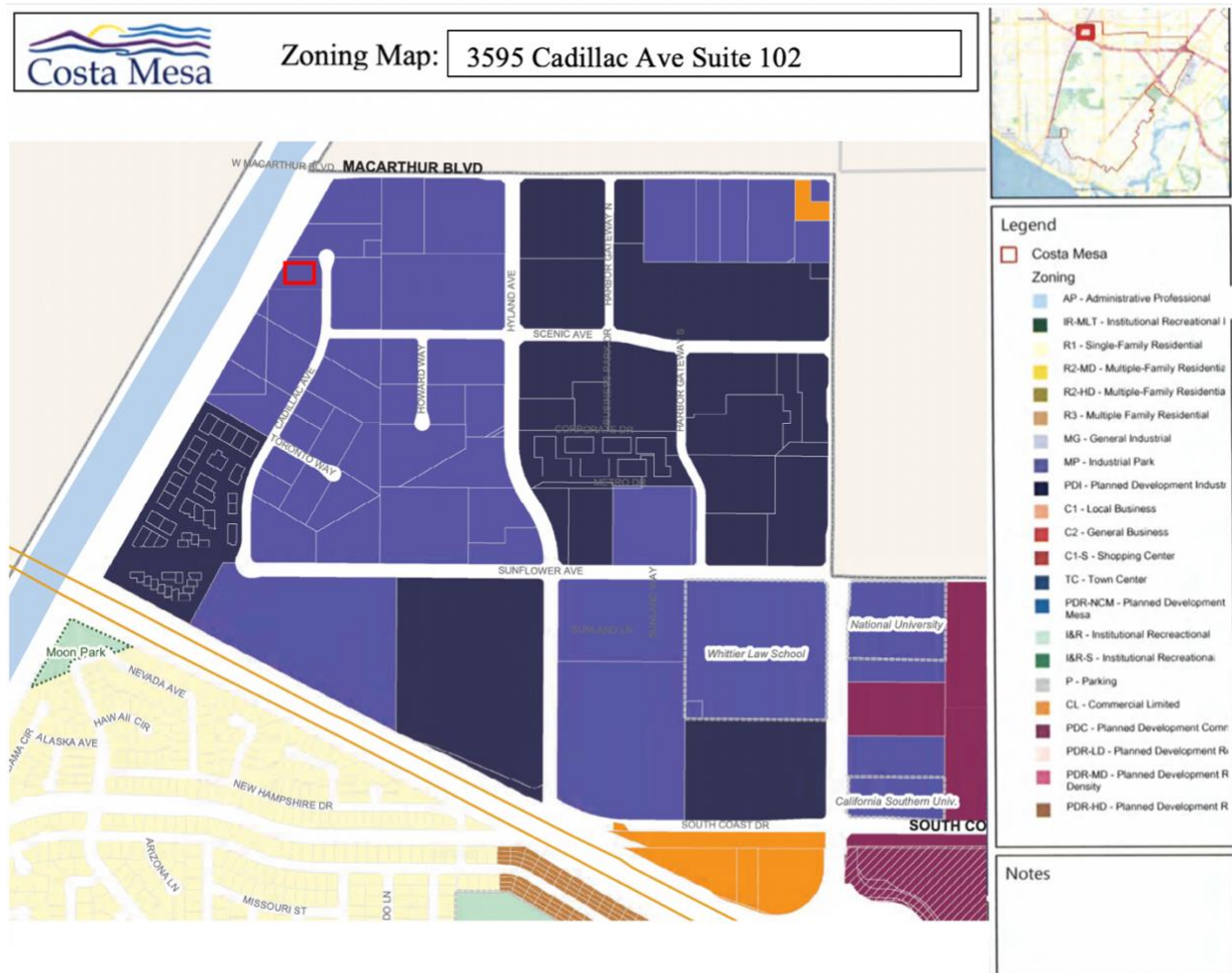
1. Distributors are exclusively responsible for collecting and remitting both cultivation and excise tax to the California Department of Tax and Fee Administration (CDTFA)
2. Distributors are responsible for coordinating the required third-party testing of cannabis goods.
3. Quality Control: Distributors and Manufacturers are responsible for ensuring that product packaging and labeling are consistent with both the Department of Cannabis Control, and the Consumer Department of Public Health and Safety's, published regulations.

4. Transportation. Distributors are responsible for the transportation of cannabis products between manufacturing, cultivation, distribution, and retail licensees.
5. Manufacturers are responsible for processing cannabis and cannabis concentrates into infused products, pre-rolls, gummies as well as vape cartridges while maintaining batch production records.

### **Parking:**

Sufficient parking exists within the development based on the number of parking spaces allocated (15). The Project is located adjacent to the 50.3 mile Santa Ana River bike trail, linking San Bernardino Riverside with Orange County and the beaches. This allows easy access for cycling and public transportation.

### **Zoning: MP – Industrial Park**





## Site History:

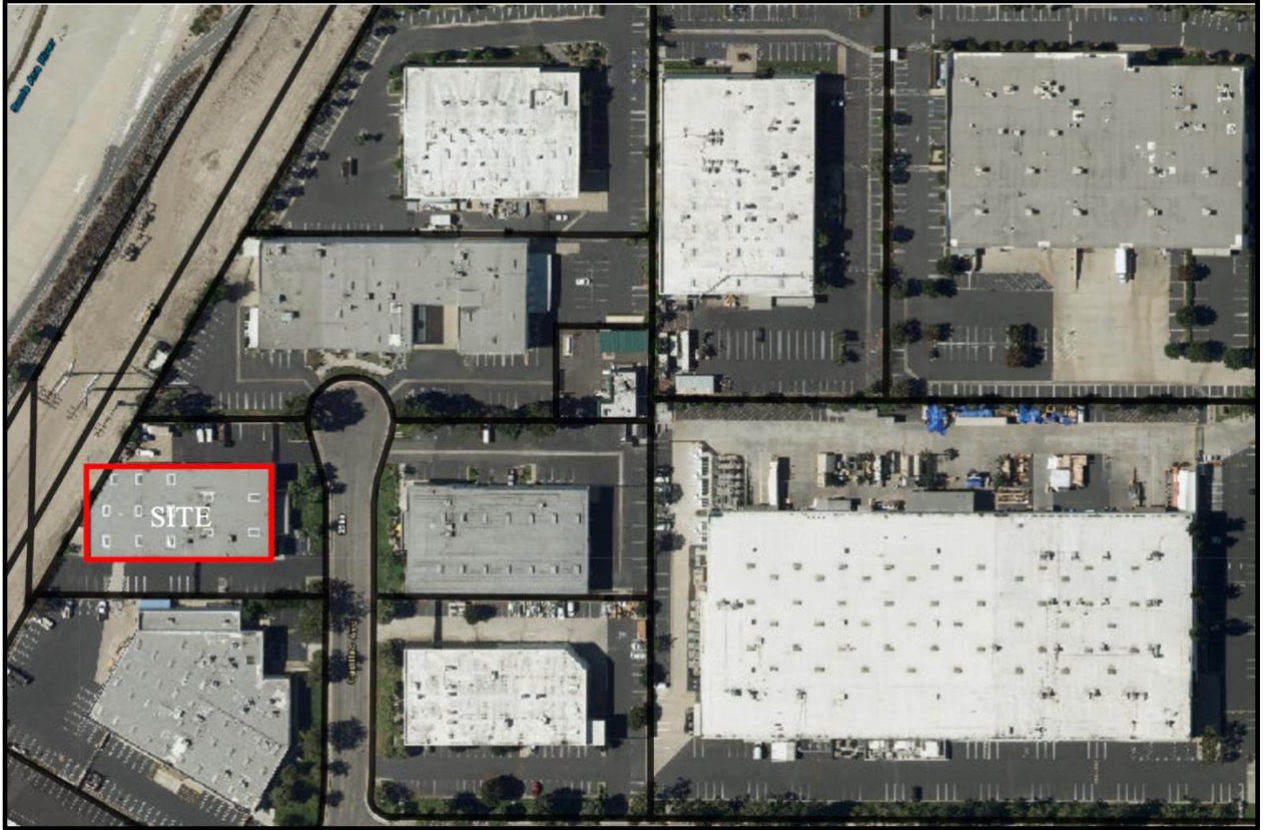


Manufacturing/Fabrication 3595 Cadillac Avenue was the first building developed in the Measure X zone. The same developer who built this building also developed the building to the south, and the 300,000+ ft<sup>2</sup> building currently occupied by Schneider Electric at 1660 Scenic Avenue in the Measure X zone. The land was a former strawberry field. The original developer/owner still owns the property.

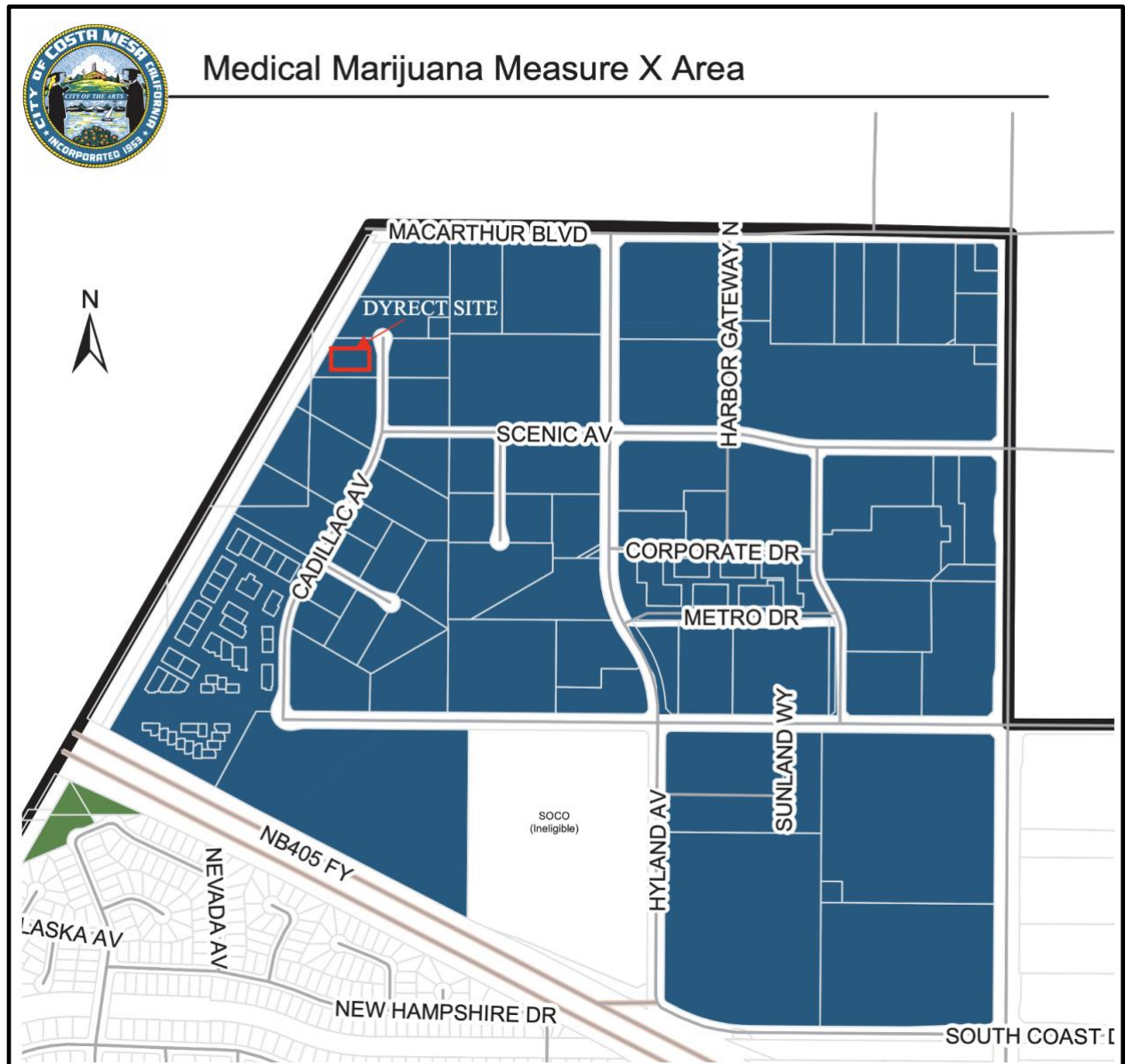
**Project Location:** Measure X zone is a small geographic location in the Northwest corner of Costa Mesa. Its Boundaries are the 405 freeway, the Santa Ana River, MacArthur Blvd and Harbor Blvd.

This project is located on Cadillac Avenue towards the end of the cul-de-sac, in a multi-tenant manufacturing facility located in the upper Northwest corner of the zone adjacent to the Santa Ana River.

In addition to Dyrect adding an advanced and thorough level of security measures including, but not limited to, multiple outside surveillance cameras, it is located in a concentrated area of cannabis businesses allowing those businesses to work together as a group to increase the security in the Measure X Zone.



Property within Measure X Area: 3505 Cadillac Avenue Suite L5, Costa Mesa, CA (designated in red)



3595 CADILLAC AVENUE  
SUITE 102

SUITE 101  
(NOT A PART)

SUITE 103  
(NOT A PART)

CADILLAC AVENUE

Site Plan  
Scale: 1/8" = 10'

Drawing Number:  
**A1.00**

Proper temperature control is an essential feature of all cannabis storing operations. Ideal temperatures for cannabis storage are between 55-65 degrees Fahrenheit. In order to adequately control the environment of our stored cannabis, Dyrect will upgrade the facility's existing heating ventilation and air conditioning (HVAC) system or install a central HVAC system, which will also include individual temperature regulators for each of its storage rooms.

## **2. Location of offsite warehousing (N/A)**

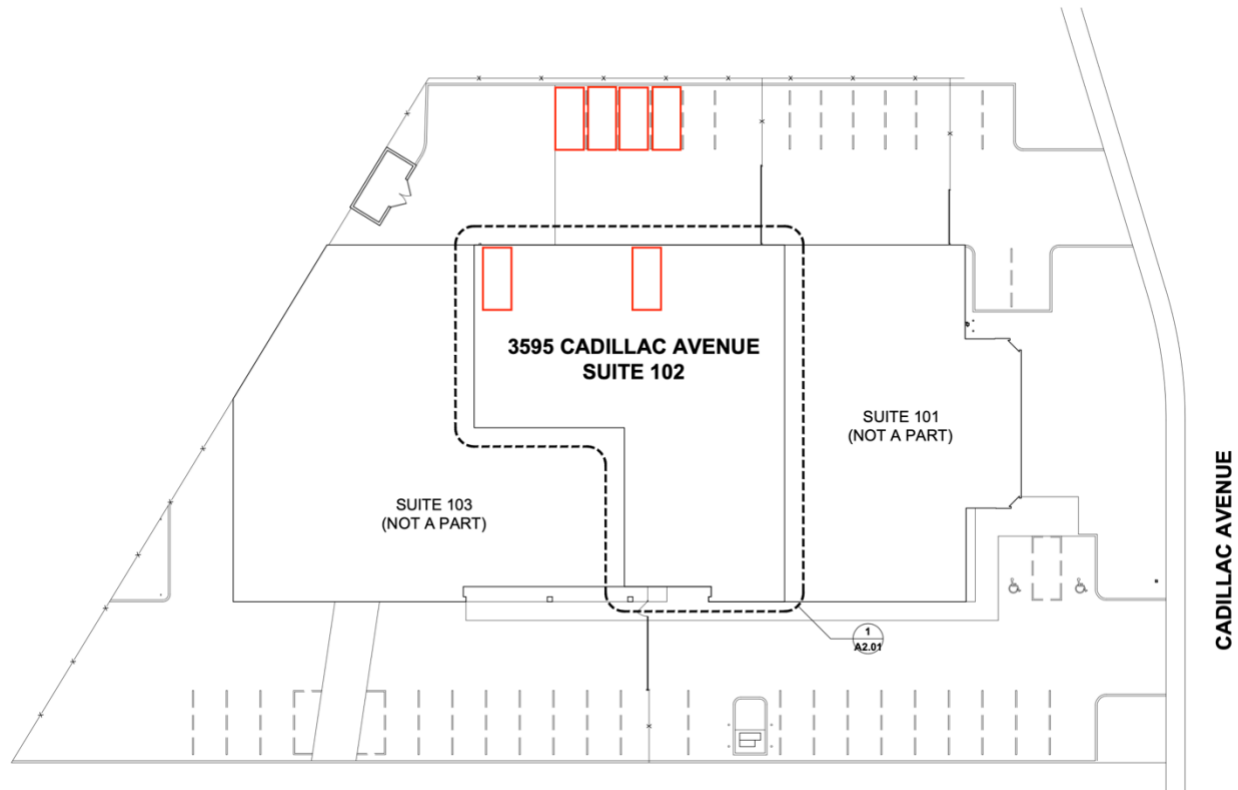
Dyrect's Warehousing activities will be limited to on-site warehousing. No offsite Warehousing is contemplated by Dyrect's current business plans.

## **3. Number of Vehicles Utilized**

Dyrect plans on utilizing four (4) Ford Transit 350 vehicles at the start of our distribution operations. We also plan to acquire 2 vehicles for delivery operations. *(See Non-storefront Delivery Operations Plan's Equipment section for further Delivery Vehicle information)*

### **Parking Plan**

Dyrect has six reserved spaces for their distribution and delivery operations, two spaces inside the facility and four on the exterior. Four reserved spaces will be used for our distribution operations and two will be reserved for delivery operations. There are two parking spaces inside the facility. One parking space will be reserved for delivery vehicles and the other will be reserved for distribution vehicles during hours of operation. The four remaining exterior spaces will be used by both distribution vehicles and the additional delivery vehicle. When the business is not operating, two distribution vehicles will be parked on the inside of the facility while the remaining vehicles will take the exterior spaces. Below is a diagram indicating the reserved parking spaces for all of Dyrect's cannabis related activities.



#### 4. Type of Vehicles Utilized

##### Transport Vehicles

Transport vehicles shall be equipped with live GPS tracking, live audio/ video monitoring, on-board internet for network communications and transport route recording. In addition to monitoring and tracking, emergency equipment includes, but not limited to:

- 2x ABC Fire Extinguishers
- Fire Retardant Blankets
- Emergency LED Road Flares
- Spare Tires with change equipment
- Compartmented Secured Storage Units
- Medical Trauma packs
- Emergency LED High-Beam Torches

All vehicles will be equipped with internal/external cameras for remote viewing. The safe or security container will consist of a locked box that will be bolted, strapped, or otherwise securely fastened to the floor or wall in such a way that it cannot be readily removed.

The vehicle will be equipped with an alarm system which upon attempted unauthorized entry will transmit a signal directly to a central protection company, a local or state police agency which has a



legal obligation to respond, a 24-hour proprietary central station operated by the registrant, or such other protection as required to prevent theft of burglary. Each transport vehicle will also be outfitted with panic buttons in order to further protect against product theft. It is our intention to incorporate services from either Netwatch USA or a local security monitoring/response vendor.

All vehicles will have a motor carrier permit in compliance with Chapter 2 of Division 14.85 of the Vehicle Code. Vehicles will not be identifiable as cannabis transport carriers and all cannabis shall not be visible or identifiable from the outside of the vehicle.

### **Transport Vehicle Information**

Dyrect plans on utilizing two Ford Transit 350 vehicles at the start of operations. The vehicles have yet to be acquired but Dyrect will provide the Department of Cannabis Control and the City of Costa Mesa with the required information about each vehicle once they are obtained. The information provided to each will include the following:

- 1) Proof of ownership or a valid lease for any and all vehicle and trailers that will be used to transport cannabis goods;
- 2) Year, make, model, license plate number, and numerical Vehicle Identification Number (VIN) for any and all vehicles and trailers that will be used to transport cannabis goods; and
- 3) Proof of insurance for each vehicle and trailer used to transport cannabis goods.

The above listed information will be provided to the Department of Cannabis Control for all vehicles in use as well as any new vehicle that will be used to transport cannabis goods prior to using the vehicle for such transport. Dyrect will also provide the Department with any changes to vehicle information within 30 calendar days of any change.



### **Delivery Vehicle Information**

*See vii. Non-storefront Delivery Operations Plan's Equipment section for Delivery Vehicle Information*

## **5. Third-party Transport**

All Transport activities will be handled by Dyrect's staff and with Dyrect's transport vehicles. All drivers are required to maintain current insurance policies and clean driving records. Driver driving records will be check on a semi-annual basis with DMV H-6 records request, which shall be acknowledged and agreed to as a condition of employment.



## 7. Operating Equipment

Dydirect will utilize state of the art and highly automated commercial equipment to streamline the assembly processes at the manufacture facility. Although employees will be involved in the process, their primary role will be to make sure the equipment is functioning properly. The Manufacturing Site Manager will ensure that all employees are familiar with the standard operating procedures and the regular maintenance schedule for each piece of equipment.

Dydirects non-volatile manufacturing operations will involve the processing of cannabis into pre-rolls as well as infusing tinctures and filling vape cartridges with cannabis concentrate oil such as THC distillate or a full-spectrum concentrate. These operations can mostly be done by hand, but automated machines make the process a lot more efficient and consistent as there is little room for human error. Dydirect has a designated room for manufacturing which will house all of the manufacturing equipment. In addition to general equipment such as certified scales, grinders, sinks, a fridge and personal protective equipment, Dydirect is proposing to use the following manufacturing equipment for their cartridge and infused tincture production.

### Tabletop Electric Cooker-Mixer

Dydirect will use a Groen TDB-20 Tabletop mixer or similar model for preparation of their cannabis infused tincture. Tabletop mixers allow operators to mix ingredients for a variety of products with constant temperature and mixing to allow for complete homogenization of the solution. Operators simply must add ingredient according to the formulas recipe and the machine will mix the solution. The proposed tabletop mixer Dydirect intends to purchase will have a manual tilt mechanism, so the operator does not have to lift the vessel when pouring the solution into the filling container used for the automated filler machine.



### Cartridge & Bottle Automated Filler

For cartridge and tincture bottle filling we are looking at acquiring an ATG RoboCap Liquid filler or similar model. These machines allow for efficient and consistent filling of infused tinctures and THC oil into their respective bottle or cartridge. Our manufacturing agent will be responsible for operating and maintaining the machine. It simplifies the filling process by allowing the operator to fill a chamber with their desired product solution. Once the correct profile is selected the machine takes over the filling process. These machines can fill up to 25 cartridges per minute with incredible consistency.

### Homogenization Equipment

For homogenizing solutions required for gummy and cartridge production we plan to acquire a CAT Scientific X1740 high power homogenizer. This device allows the manufacturing agent to efficiently and consistently mix some of the solutions required for our operations.



### **CookTek Commercial Induction Cooktop**

The induction cooktop will be used for infusing cannabis oil with our gummy solution. The cooktop allows for both the gummy solution and cannabis oil to reach temperatures that make it more efficient for mixing and homogenizing so that we can produce a consistent product that meets all cannabis manufacturing regulations.

### **Solid Door Roll-in Refrigerator**

Dyrect intends to utilize a Solid Door Roll-In refrigerator to support its final stage of its gummies processing. These units are designed for high production bakeries, banquet facilities, educational institutions, cafeterias, and assisted living communities where roll-in pan racks need to be refrigerated – which makes it ideal for our operations.

### **MACTEC MT125X**

Much of the production process is automated through the MT125X by MACTEC Packaging Technologies. MACTEC blister machines have been used in the pharmaceutical, health and beauty, R&D, and clinical spaces for decades and their technology was adapted for medical marijuana applications several years ago. The MT125X can be customized to create gummies, pills, liquid filling, and other unique dose solutions. Having been created primarily for the pharmaceutical industry, the MT125X meets and exceeds all requirements pertaining to cGMP and FDA guidelines.



### **Knockbox Pre-Roll Filling Machine**

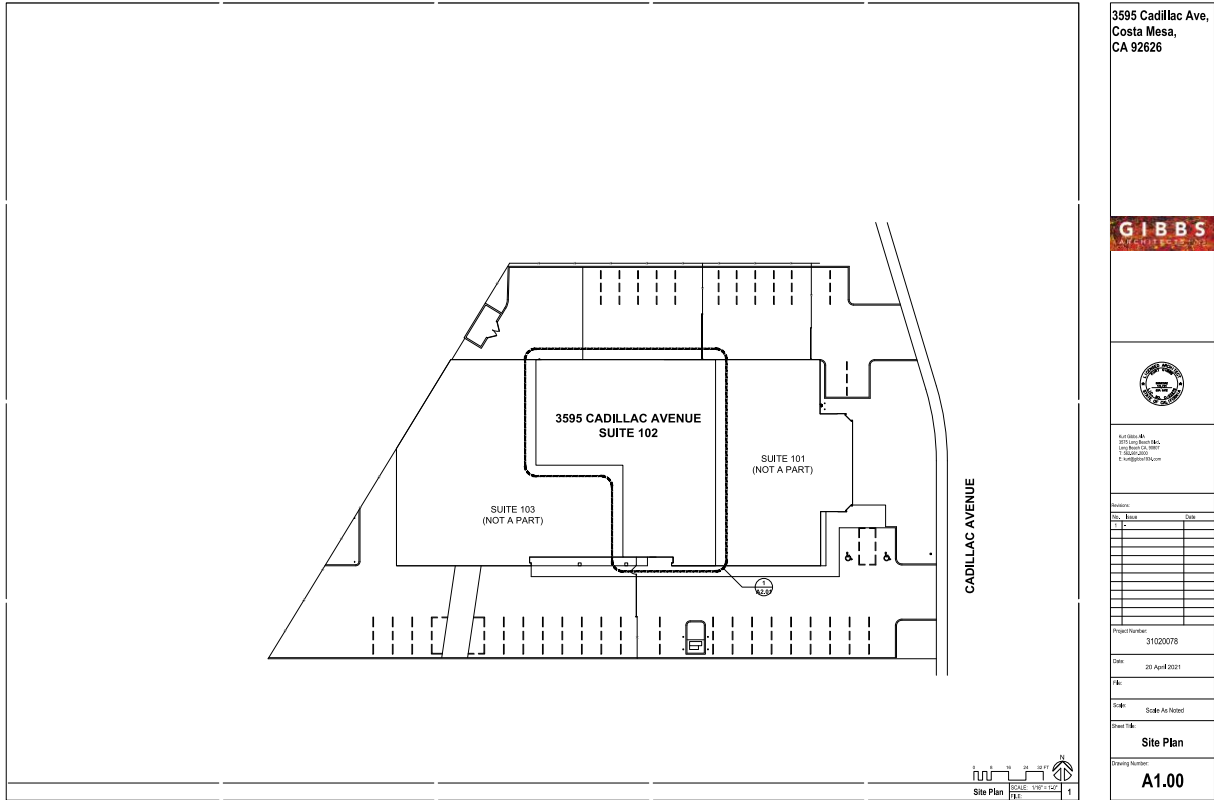
Dyrect will employ the Futurola Knockbox 3/300 Pre-roll Cone Filling Machine. The equipment is designed to create up to 300 pre-rolled joints in under two minutes. The Knockbox 3/300 has a two-way density control, providing the option for tight or looser rolled joints. The machine is easy to use and can be conveniently cleaned in order to ensure compatibility with Good Manufacturing Practices.



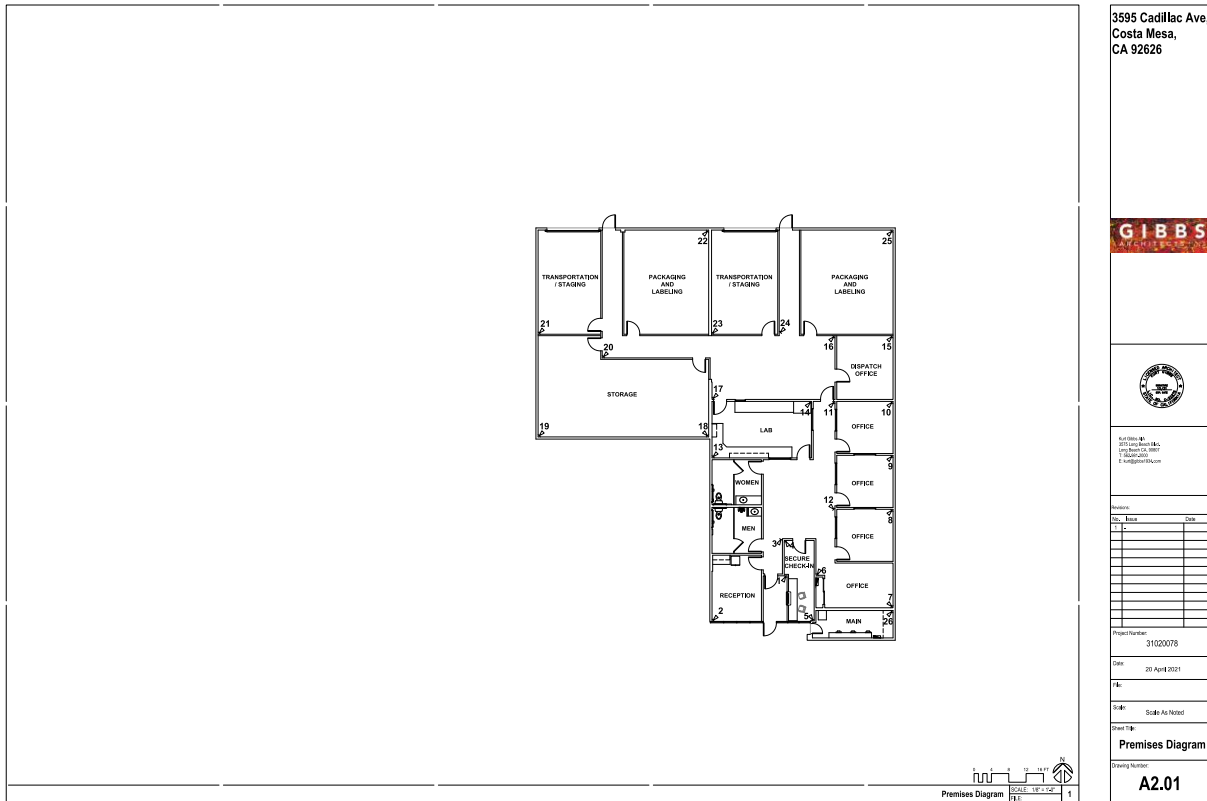
## 8. DYRECT SAFETY PLAN

### 1. PROJECT LOCATION

- a. **Location:** 3595 Cadillac Avenue, Suite 102, Costa Mesa, CA
- b. **Description:** Single-story industrial warehouse building located in MP industrial Park zone. The 20,226 ft<sup>2</sup> facility was built in 1978 and is Measure x compliant.
- c. **Site Plan:**



**d. Building Layout:**



**2. BUILDING INFORMATION**

a. **Construction Type:** Type IIIB, Non-Rated, One-Story Building, Non-Sprinklered

b. **Proposed Use:** Cannabis Non-Volatile Manufacturing and Distribution

**c. Description of use and extraction type:**

Dyrect's non-volatile manufacturing operations will involve the processing of cannabis into pre-rolls as well as infusion activities which involved mixing cannabis concentrate oil such as THC distillate or a full-spectrum concentrate with pre-determined mixtures for gummy, vaporizer cartridges, or tinctures. These operations can mostly be done by hand, but automated machines make the process a lot more efficient and consistent as there is little room for human error. Dyrect has a designated room for manufacturing which will house all of the manufacturing equipment. Since our proposed activities do not include extractions, there will be no extraction equipment utilized during our operations (see Proposed Equipment in Extraction Process for infusion equipment and filling machine).

d. **Occupancy Classification:** F-1, Manufacturing & Distribution

e. **Number of Stories:** One-Story

f. **Fire Protection Features:**

**FIRE ALARM SYSTEM**

a. Overview

- i. The facility has a temporal-3, horn/strobe fire alarm system for the tenant space.

- a. Equipment
  - i. The main fire alarm control panel is located within the security room at the back of the store.
- b. Initiation
  - i. Duct-mounted smoke detection will be on the return side of required units over 2,000 CFM, in accordance with the California Mechanical Code Chapter 6. Duct-detectors will be on supervisory signal only.
  - ii. Manual pull stations (dual action) will be provided at every exit.
- c. Notification
  - i. Audibility is to be provided throughout the tenant space in accordance with NFPA 72.
  - ii. Retail areas, the restroom and corridor will be served with strobe coverage in accordance with NFPA 72.

In addition to Smoke Detector and Carbon Monoxide units in each of the facility's primary areas, fire alarm, fire extinguisher, and comprehensive air handling systems, the facility will have a designated alarm monitoring company. The name of the entity providing security alarm installation, monitoring and testing is Bay Alarm Company. The alarm system will send a daily communication test signals to Bay Alarm Company. Maintenance and service requests can be made at any time by Bay Alarm Company. Bay Alarm Company can provide emergency, same day service for any emergency repair requests. The alarm system includes alarm contacts on all accessible entry points. Motion detectors near every entry point and a 360 degree motion detector installed in the main room of the premise.

If an intrusion signal is received by Bay Alarm's central station, the procedure is as follows:

1. Call the first 2 numbers associated with the account.
2. Dispatch Police Department.
3. Call the remaining numbers on the emergency contact list.

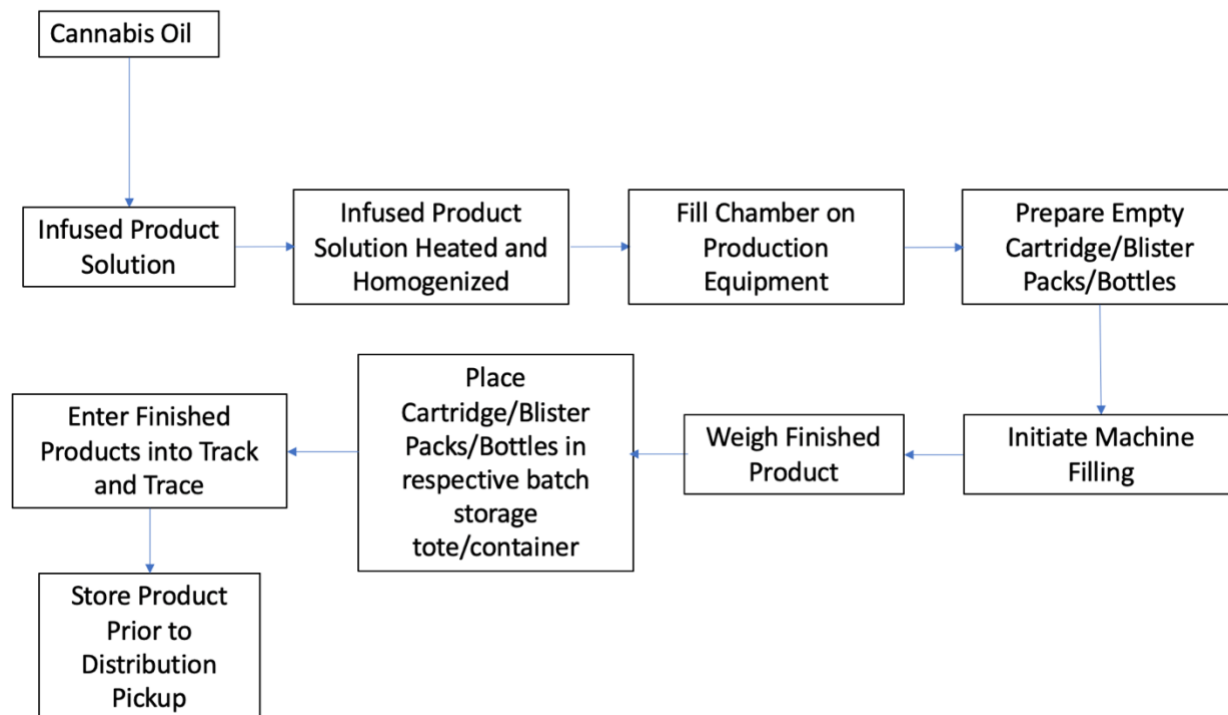
The facility will also feature air purification technology for the health and safety of its employees and patrons. Dyrect's air quality equipment includes HEPA filtration and activated carbon as a two-pronged solution to achieve indoor air purity and the elimination of noxious odors escaping the site. Dyrect's dispensary utilizes the HealthMate Plus, which is a four-stage filtration system to ensure indoor air purity and odor reduction. The first filter is a Large Particle Pre-filter, which removes dust, hair and pet dander. The second filter is a Medium Particle Pre-filter, which removes molds, spores and pollen. The third filter is a combination of activated carbon and zeolite, which removes VOCs, formaldehyde, benzenes, chemicals, gases and odors. The final filter is a Medical Grade HEPA filter that removes 99.97% of all particles larger than 0.3 microns and 95% of all particles larger than 0.1 microns. The HealthMate Plus not only removes odors but will ensure that viruses and bacteria are not present within the dispensary.

The facility features fourteen (14) Indoor CCTV Surveillance Cameras, five (5) Outdoor CCTV Surveillance Cameras, one (1) 360° CCTV Surveillance Camera, five (5) Ceiling Motion Detection units, two (2) Wall Mounted Motion Detection Units, nine (9) Door Contact Intrusion Detection devices, two (2) Under Desk Duress Buttons, one (1) Security Keypad Intrusion Detection system, three (3) Access Control Card Readers, one (1) Security System Alarm Control Panel, two (2) Wall Mounted Horn and Strobe systems, one (1) Closed Circuit Digital Recorder, and one (1) Access Control Panel. Security systems are backed up by an uninterruptable power supply, which is a high capacity battery housed in the Secured Office. One KnoxBox device will be mounted in front of the entrance for emergency responders (Master Key to be provided to Costa Mesa Fire Department and Costa Mesa Police Department). (Ord No. 2960 §11.437(a)(2)) (See: Security Plan)

**Fire Sprinkler System:** This facility does not currently have and is not required to have a fire sprinkler system. However, Dyrect will work with its Professional Fire Prevention and Suppression Consultant, the Costa Mesa Office of Code Compliance, Building Safety and Engineering Services, and Fire Department to design and implement a sprinkler system during its Special Use Permit process and building and planning review for proposed tenant improvements. If awarded a Dispensary license, Dyrect is committed to working with the above-mentioned city departments, as well as its fire prevention and suppression specialist to obtain the required permits

and install a fire sprinkler system as an additional fire safety and suppression mechanism that will provide further safety mechanisms for its staff and clients.

### 3. FLOW DIAGRAM OF PROCESS



### 4. FIRE SAFETY ASSESSMENT

Dyrect is committed to developing and maintaining a safe accident-free workplace for its employees and the general public. All of our employees will be responsible for safety and good hygiene practices. The existing two-story facility is outfitted with fire sprinklers. Fire Protection will be in strict compliance with all applicable National Fire Alarm and Signal Code as well as the Costa Mesa Fire Department Regulations for the occupancy of the business. The fire safety plan will include a UL listed central station monitored fire alarm system consisting of NFPA approved smoke detectors and manual pull stations in compliance with NFPA fire code.

**Suppression:** Portable fire extinguishers are provided in accordance with NFPA 10. Each fire extinguisher shall be located within 75-linear feet from each other. Management and employees are trained on when to utilize fire extinguishers and proper usage techniques. Extinguishers are located in each main area of the facility. The ABC Extinguisher and signage use safety messages for emergency response protocol and compliance. It is a useful tool to protect the health and safety of personnel but is not an alternative for required protective measures for eliminating or abating hazards.



Dyrect complies with NFPA 10 requirements for inspection/maintenance of its portable fire extinguishers. Monthly Inspections are performed to ensure extinguishers are ready for use and include verification that: (a) extinguisher is properly located and freely accessible; (b) operating instruction and manufacturers' information is legible; (c) all seal and inspection tags are in place; (d) all hardware is secure and free from burrs, rust and abrasion; (e) the discharge hose is firmly attached and free from obstructions; (f) the gauge reads full and full charge is verified by weight; (g) the body of the extinguisher is free from damage.

Maintenance, service and recharging will be performed by a person certified by a recognized organization through a formal certification program or by an equipment manufacturer that has a certification program. Regular maintenance requirements include: (a) Annual detailed physical inspection; (b) annual conductivity tests; (c) hydrostatic tests performed every 5 years; (d) internal examination of extinguisher following inspection cycles provided in Table 7.3.1.1.2 of NFPA 10. Record of extinguisher inspection and maintenance efforts will be kept onsite. Records will show at least the previous 24 months inspections, in addition to the annual and 5-, 6-, and 12- year maintenance schedule.

**Compliance:** NFPA 10 Portable Fire Ext.; OSHA Fire Protection; OSHA 1910.1200(c).

Dyrect will ensure their facility is equipped with approved Class 2A portable fire extinguishers. Each fire extinguisher shall be located within 75-linear feet from each other and undergo a yearly inspection certification to ensure proper functioning. While Dyrect is not involved in volatile manufacturing and do not anticipate any fire hazards in the manufacturing area, we will keep an additional fire extinguisher in the room dedicated to manufacturing procedures.

**HVAC:** The proposed location is outfitted with a relatively new rooftop Heating Ventilation Air Conditioning System. If Dyrect anticipates any upgrades or renovations to the HVAC system we will ensure all upgrades are done in compliance with City Code.

**Odor Control:** Dyrect's cannabis odor sources include unpackaged cannabis (flower and trim) and bulk concentrates, although to a lesser degree. During transport of all cannabis and concentrates products shall be enclosed into a smell proof container before transport to Dyrect. These products will be directly put into the cannabis storage area dedicated for manufacturing purposes. Dyrect will install Carbon Air Filters throughout the facility to mitigate the permeation of odors from the premises. Carbon Filters are made exclusively with top quality carbon granulated into the smallest pieces to reduce air pockets between the granules, which leads to a better filtration performance. The overall-efficiency and wide-use of these filters throughout the facility will ensure no offensive or noxious odors escape the facility. This will accomplish the most effective option for controlling marijuana related odors.

**Alarm:** Dyrect will install and maintain fire/smoke and carbon monoxide alarms throughout the facility. 24-hour constant access and fire alarm system shall be provided with constant off-site monitoring service

**Fire Hazardous Material:** Dyrect's operations do not involve the handling or storage of any fire hazardous materials.

## **5. CHEMICAL CLASSIFICATION DISCLOSURE FOR HAZARDOUS MATERIALS:**

Dyrect's operations do not involve the handling or storage of any fire hazardous materials.

## **6. VOLATILE GAS STORAGE AND SAFETY PROCEDURES:**

Dyrect will not utilize any volatile gases in the production of their cannabis goods.

## 7. PROPOSED EMPLOYEE TRAINING:

### EMERGENCY PREPAREDNESS TRAINING

Dyrect's Security manager is responsible for training all employees, owners and managers on security and safety. The Company has completed a detailed security plan and emergency action plans, which includes both Emergency Medical and Fire Response Processes, which all persons must be familiar with before working at the facility. Training will occur in two phases, as follows:

The first phase of training will occur off site in the classroom and will be a minimum of 8 hours, or longer as needed. Attendees will be trained on Company policies and procedures in the security plan and the Emergency action plan, such as: Preventing Diversion, Inversion, theft and loss of marijuana; reporting requirements for disqualifying offenses; Pocketless uniforms; random pat down searches; Serious injury or death of an employee; Employee abduction; Employee assault; Employee theft, fraud or embezzlement; Suspicious activity protocols; access control protocols; Main facility entrance procedures; ID Sign in-log procedures; confidential passwords; Identification badges, Facility Agent identification procedures; Emergency exits and evacuations; Video surveillance system; data security; vulnerability and threat assessment training; sexual harassment prohibitions; workplace violence prohibitions, seed to sale and inventory management; reporting potential violations and security issues. Upon completion of this training, all participants must pass a written examination prior to graduating to phase two.

The second phase of training will occur at the facility where all staff will physically demonstrate their ability to apply what they learned in the classroom in phase one. All persons will demonstrate how to follow established procedures to the main entrance using their badge and employee PIN; gaining access through the security pass through by electronic means to enter the limited access area; properly displaying their badge; emergency evacuation procedures for fire, bomb threats, chemical spills, active shooters and severe weather.

The Facility Manager shall present basic fire prevention training to all employees upon employment, and shall maintain documentation of the training, which includes:

- Review of 29 CFR 1910.38, including how it can be accessed;
- This Safety and Fire Prevention Plan, including how it can be accessed;
- Good housekeeping practices;
- Proper response and notification in the event of a fire;
- Instruction on use of portable fire extinguishers (as determined by Dyrect policy in Emergency Action Plan); and
- Recognition of potential fire hazards.

Management shall train employees about the fire hazards associated with the specific materials and processes to which they are exposed and will maintain documentation of the training. Employees will receive this training: (1) At their initial assignment; (2) Annually; and (3) When changes in work processes necessitate additional training.

**Safety Training:** Safety Training is essential to prepare employees for potential dangers that may occur in the workplace. All employees undergo safety training, supplemented with additional monthly training. In addition, semi-annual scripted training courses will be provided with group and individual evaluations. Each employee will be evaluated on several objectives, including their understanding and execution of required protocols, attention to detail, verbal communication and ability to demonstrate restraint and control in complex and ever-changing circumstances.



Given the amount of cash involved within the cannabis industry due to unresolved banking issues, dispensary owners and employees must be prepared for a wide array of circumstances. Safety Training focuses on the following areas: Cash Handling, Robbery/Burglary Protocol, General Safety Protocol, Product Handling, Driver Safety, OSHA, Customer Service, and Confidentiality training. Random training evaluations will be implemented with training records kept on-site. In conjunction with the training syllabus, additional topics include Sexual Harassment, Workplace Injury, Hygiene Practices, Site-Security and Personal Safety. We invite local law enforcement and Fire Rescue to offer feedback and guidance.

**General Safety Protocol:** is to include earthquake, fire and evacuation safety that teach employees how to manage varying circumstances. All employees are made aware of exits and standard safety protocol. The location of fire hydrants and manual fire sprinkler valves will be addressed in training as well as how to properly coordinate evacuation efforts relating to limited access evacuation considerations. General safety training includes chemical safety, office furniture and equipment safety, and safe work practices. This training will be supplemented by the employee handbook safety rules and safe work practices. Finally, a list of safety rules will be provided to all employees and posted on the premises.

**Occupational Safety and Health Agency (OSHA) Training:** Operational procedures and standards for site maintenance and discrepancy reporting will follow OSHA guidelines. Concepts instructed include Hazardous Materials, Personal Protective Equipment (PPE), Medical/First Aid, Hygiene/Sanitary Practices and reporting procedures. Applicant will require at least one employee and supervisor to complete a 30-hour Cal-OSHA general industry training course offered by an authorized OSHA training institute within one year of obtaining the dispensary license (BPC §26051.5(a)(11)).

**Fire Drills:** The procedure for conducting fire drills shall be determined by the Facility Manager and Security Manager, taking into consideration:

- the building occupancy and its fire hazards;
- the safety features provided in the building;
- the desirable degree of participation of occupants other than supervisory staff;
- the number and degree of experience of participating supervisory staff;
- the features of fire emergency systems installed in buildings within the scope of 29 CFR 1910.39; and
- the requirements of the fire department.

In addition to Direct training for security and safety, all staff will complete the following courses:

- FEMA IS-906: Workplace Security Awareness
- FEMA IS-907: Active Shooter
- FEMA IS-912: Retail Security Awareness

Management shall also complete:

- FEMA IS-37.19: Managerial Safety and Health
- FEMA IS-200: Basic Incident Command System for Initial Response
- FEMA IS-916: Theft and Diversion

**POSTED EMERGENCY CONTACT INFORMATION (IF YOU CANNOT REACH A 911 OPERATOR)**

Costa Mesa Police/Fire Dispatch: (714) 754-5252

**POSTED NON-EMERGENCY CONTACT INFORMATION**

Costa Mesa Fire Administration: (714) 754-5106

Costa Mesa Police Headquarters: (714) 754-5280

Poison Control: (800) 222-1222

***Emergency & Disaster Protocol Pamphlet:*** Lastly, all employees of Dyrect shall be given a hard copy of Costa Mesa's twenty-six (26) page Disaster Preparedness booklet to keep at home. The pamphlet has been incorporated into Dyrect's overall Fire, Medical, and Hazardous Situation Safety Plan and will be integrated into Dyrect's employee training for Fire and Safety procedures. The materials, intended for Costa Mesa residents, cover city and governmental alerts and warnings; emergency kits and plans; special needs, children, and pets; shelter in place versus evacuation; utilities; hazardous materials; earthquake preparedness; tsunami preparedness and storm, flood and evacuation routes; public health emergencies; terrorism; radiological emergencies; active shooters; emotional impacts and available resources.

## **ii. BUILDING INGRESS AND EGRESS**

The interior layer will also consist of a comprehensive, integrated camera system which will exceed the state standard and will cover any and all “access areas” to include but not limited to segregated areas relating to the various stages of cannabis retail, distribution and manufacturing.

### **1. Sensors: Secure Areas & Entry/Exit**

The intrusion alarm system is comprised of door and window contacts, glass breaks, silent panic alarms, and motion detectors. Dyrect’s security system will electronically monitor all perimeter access points, and all perimeter doors will be secured by electronic and manual locking features. All facility windows will be fixed / un-openable and will have glass break sensors. It is our intention to incorporate services from either Netwatch USA or another local security monitoring / response vendor for third-party monitoring of alarms and surveillance equipment.

### **2. Security Bars / Window Security**

Dyrect will incorporate Security Bars into all Windows and/or Glass that is exterior facing. Security Bars will be featured in the following areas of the facility: (1) Front Façade; (2) Rear windows above both rear facility access doors; (3) skylights; and (4) any penetrations that are made for the purposes of the HVAC system.

### **3. Exterior Doors and Limited Access Doors**

All exterior doors and limited access doors will be security grade metal doors that will feature RFID access requirements and/or other secure access measures to prevent unauthorized entry. In addition to the controlled access features of these doors they will also feature door contact sensors that monitor use, time and authorized personnel’s entry into limited access area. Exterior doors and Limited Access doors will also be self-closing and self-locking.

## **iii. PRODUCT SECURITY**

The various access areas within the interior of the facility will be securely separated from one another and only accessible by those employees whose job necessitates their entry into specific designated areas and who display proper identification. The main entrance will be equipped with electronic card access, traditional key back-up in the event of a power outage, with keys being stored in the security office in locked cabinets. This door will be supported by the recorded system and have the ability to integrate, upgrade, and add components of enhanced security technology.

Access to the vaults will be limited to authorized Managers, Principal Officers and authorized employees. Access will be granted through EACS lock, which records the time, date, and agent entering the vault which is located in a room with no exterior doors or windows. The PIN combination will be changed quarterly and will never be shared with unauthorized individuals.

Ultra-high definition surveillance cameras will be positioned within and directly outside the vault with motion-detection capabilities which will immediately notify the Security Manager upon any after-hours motion. The vault will be equipped with electronically locking doors that can maintain security in the event of power failure and will be equipped with motion-detecting sensors, notifying the Security Manager and local authorities of suspicious activity. The vault will be located on the interior of the facility in a room containing no exterior windows or doors.

Dyrect will ensure all waste is handled per SOP and held in secure containers stored in LAA while awaiting ultimate disposition. The facility has a policy for loss of access cards which will be the requirement of immediate notification and subsequent deactivation of card. If cards are not used for a set period (Employee out sick on vacation) or for whatever reason the employee cannot notify of the loss of the card it should be automatically deactivated after a period determined by Dyrect to prevent misuse. Circumstances regarding reasons not listed will be evaluated and restricted/or terminated on a case to case basis. Any employee terminated, who separates, or loses their ability to possess a card per state regulations will have their card stripped and deactivated upon receipt of notification or action.

### **1. Secured Storage**

All access areas that house any cannabis products for any reason, and in quantity will be secured by controlled access with mechanical/key lock back-up, viewed by the system of cameras. Each access area, and the hallways in between shall be equipped with real-time electronic video cameras placed to ensure visibility of employees and escorted visitors working/visiting inside the facility. The ability to view cameras remotely by screens will be available in the security office, along with several licensed/authorized mobile devices which will ensure the capability to monitor while patrolling/responding to emerging or actionable security events. Cameras will also be situated in and around the sensitive areas of the facility to deter/prevent the theft, loss or diversion of cannabis/cannabis infused products.

#### **iv. INTERNAL SECURITY FOR ACCESS**

Dyrect will implement best-in-class equipment and procedures for interior non-public spaces of the facility, designated herein as Limited Access Areas (LAA). Employees will be granted varying access and will only be permitted to enter LAA necessary to their job description. Employees must individually scan their keycards when entering LAA in a group, so security can identify and record individual access, which will be maintained for 5 years. Dyrect will install surveillance cameras in LAA that provide no blindspots of all interior spaces and cover entrances/exits.

Dyrect's floor plan is designed so that cannabis materials are only present in a limited number of areas, which are labeled Limited Access Areas both physically, and in Dyrect's Electronic Access Control System (EACS). EACS is comprised of electronic access keycards issued to employees who enter LAA in fulfilling their daily responsibilities. Employees whose jobs do not require the handling of cannabis materials or access to rooms containing cannabis product will not have keycard.

### **1. Limited Access**

Electronic access card systems will control/restrict entry to Limited Access Areas (LAAs), using doors that work during power failures. Persons who are essential to surveillance operations, law enforcement agencies, security system service personnel, the Department, and others when authorized are permitted in LAAs and must be signed-in by Security Agents (SAs), who will verify credentials. Employees will always display their identification cards.



**v. POWER OUTAGE CAPABILITY**

A battery backup (“Uninterruptable Power Source”) which enables the system to record in the event of a power outage will be utilized and manual locking systems to required external access doors will be installed in the event any and all controlled access is disabled. The backup battery provides approximately six (6) hours of backup power, sufficient to implement a generator in the event that power is not restored within the typical timeframe. All cameras will be strategically placed in a manner which will prevent the destruction or manipulation and will be layered with several devices that prevent and detect unauthorized intrusion interconnected cellular and/or electronically as applicable. Security footage will be retained on-site for a minimum of 90 days and a backup battery system will keep the surveillance system operating for at least 6 hours.

**vi. DELIVERY SPECIFIC SECURITY PROCEDURES**

**A. GENERAL SECURITY MEASURES: DELIVERY SAFETY**

Dyrect complies with all safety regulations and takes further measures to protect its employees and the community. Our no chase policy and robbery management training teach de-escalation techniques and emphasize safety. Drivers always keep cannabis goods in the vehicles’ Tuffy Tactical Security Lockboxes, which are not visible to the public (4 CCR §15417(b)). At no time will a delivery employee leave cannabis goods in an unattended vehicle unless the vehicle is locked and equipped with an active alarm system (4 CCR §15417(c)).

Vehicles are outfitted with a digital panic button, which Delivery Drivers can deploy in the event they feel their safety is threatened. This function notifies Dispatchers, Managers and local authorities of the driver’s location.

Delivery drivers are instructed to utilize hands free calling via voice command technology and to obey California traffic regulations – always maintaining awareness of road and traffic conditions. We believe our equipment and safety protocols are in the best interest of the employees, the company, and the community. Dyrect implements a zero-tolerance hands-free and distracted driving policy for its delivery drivers and other employees. Employees are not permitted to operate a motor vehicle while performing tasks that may cause distractions. This includes using a wireless communications device to text, compose, read, or send an electronic message, when the motor vehicle is in motion and while in traffic. This prohibition is effective during employees’ work schedule including when the employee is conducting business on behalf of Dyrect. If an employee must make a call, including an emergency call (911), the motor vehicle should first be parked in a safe location. All Dyrect employees and motor vehicles are covered under the Federal Motor Carrier Safety Administration (FMCSA) rules specifically prohibiting drivers of commercial motor vehicles (CMVs) from texting or using hand-held mobile phones while operating their vehicles. Each vehicle is equipped with hands free Bluetooth calling and integrated voice command technology to reinforce this policy.

Dyrect will comply with all safety regulations and take further measures to protect employees and the community. Dyrect’s no chase policy and robbery management training teach de-escalation techniques and emphasize employee safety. Delivery employees will be instructed to comply with state regulations involving safety; drivers shall not travel with cannabis goods worth in excess of \$5,000 at any time and

cannabis goods in the vehicle shall not be visible to the public (CCR §§ 15418; 15417(b)). At no time will a delivery employee leave cannabis goods in an unattended delivery vehicle unless the vehicle is locked and equipped with an active vehicle alarm system (4 CCR §15417(c)). Delivery vehicles are outfitted with a digital panic button, which can be employed by drivers in the event the driver feels their safety is threatened. This function notifies the Manager and local authorities of the driver's location. Dyrect adheres to a strict no tolerance policy with respect to non-consumption rules for drivers, and each delivery employee is duly aware of the provision and must provide a signed acknowledgement (4 CCR §15419). Delivery drivers are instructed to utilize hands free calling via voice command technology and to obey California traffic regulations – always maintaining awareness of road and traffic conditions. We believe our equipment and safety protocols serve the best interest of employees, the company, and the community.

We adhere to a strict no tolerance policy with respect to cannabis consumption prohibition for Delivery Drivers. Each delivery employee is made duly aware of the provision and provides a signed acknowledgement during onboarding (4 CCR §15419).

## **B. AGE VERIFICATION PROCEDURES & PROCESS**

### **Pre-Registration of Delivery Customers**

Dyrect will preregister delivery clients prior to delivery. Dyrect will receive orders through online (automated) and telephone (manual input) using Blaze POS. Dyrect anticipates processing Adult-Use and Medical orders. Preregistration procedures for different types of orders mostly vary with regard to additional medical recommendation and patient info necessary to preregister medical orders. Age identification and address verification are two necessary preregistration steps for all clients, medical patients must also submit a doctor's recommendation. All protocol outlined under records protocol will be strictly followed with regard to client information.

### **Delivery Age Identification**

Delivery orders will need to be submitted with government-issued ID that proves the ordering party is over 21 years of age, or 18 years of age for medical patients. Online orders will require a scanned copy of the client's government-issued ID. Phone orders will not be processed until customers send proof of ID to a secured email address or via SMS message. Upon receiving the party's government-issued ID, Dyrect employees will verify documentation through Blaze, which immediately compares a data entry for instant age verification. After a customer's age is verified, staff will verify the patient's doctor recommendation and delivery address, or, for adult-use customers, verify delivery address.

### **Delivery Medical Recommendation Verification**

For new patients, Dyrect staff will electronically verify the medical recommendation or contact the physician to confirm patient status. Staff will print a copy of the recommendation, State issued Medical Marijuana ID Card, and current ID to be retained for company records. Additional medical documents, such as permission for usage in excess of State limits, will be requested from new patients ordering online, copied into patient records, with a printed copy filed on-site. All documentation will be verified when delivery is made with delivery drivers being tasked with capturing in-person photographic proof of recommendation and ID upon delivery. All delivery processes and procedures comply with laws pertaining to confidential medical information (BPC §26162.5).

**Confirmation of Documentation at Delivery**

Delivery drivers must verify registration documentation at delivery. Drivers are equipped with Blaze's compatible ID Scanner for authentication purposes. Additionally, for medical deliveries, the manifest includes a copy of patients' recommendation and drivers must verify the patient's original physical copy of their recommendation matches the scan sent with the delivery request. Drivers must capture photographic proof of patients' original documentation at delivery. Blaze POS has the capability of storing a log of scans that include customer age, date and time of transaction and all other required data points for a minimum of 180 days. These logs are available to City or State officials for review and analysis at any point in time. The Delivery Driver accepts payment, processes the transaction and hands the customer their order only after confirming age and identification validity with Blaze POS hardware. Drivers will be instructed to cancel orders where the receiving party fails to provide matching/verifiable documentation. Cancelled orders will be recorded, and product re-inventoried. Orders that are not delivered are treated as cancelled; employees will update this information in Blaze and Metrc thereby notifying the DCC.

**Patient/Client Record Protocol – HIPAA**

Before transactions occur, clients submit a valid government-issued ID and/or a recommendation from a doctor to use cannabis and fill out an online Patient Intake Form, a Membership Agreement, a Health Insurance Portability and Accountability Act "HIPAA" Privacy Authorization Form and initial the Rules for Membership. Caregiver records are attached to patient profile for patients in their care. All Dyrect employees will be provided HIPAA-compliant confidentiality training and are responsible for exercising care and caution when addressing client medical conditions and personal information. Confidentiality training includes methods and concepts designed to protect staff (such as work schedule, phone number, home addresses, vehicle information and other personal information) and facility information (Operational procedures, response protocols, primary network passcodes and other restricted information).

**Data Storage and Recall**

Dyrect's use of both Headset and Blaze, which links with Metrc, provide us with the ability to instantaneously retrieve all records and logs of customer identification scans that include date, time, purchase, and age of customer. All records are stored for a period of no less than seven years, and our contract with Blaze includes the transfer and consolidation of data to any new POS system if Dyrect decides to change POS providers in the future.

**Delivery Address Verification**

Dyrect staff will be responsible for verifying delivery addresses. Deliveries are not permitted on sensitive uses designations such as schools, daycares, churches, government property, whether state or federal, or on publicly owned land/property leased by a public agency (4 CCR §15416(c)). Staff will input the delivery address to verify it does not fall on any such designations. The company will seek approval and necessary permitting from cities that fall within the delivery area prior to operating in other jurisdictions. Any order from an address that does not comply with the government property prohibition or is not within the delivery radius will be cancelled and notification will be sent to the ordering party.

**Scope of Delivery**

The delivery process begins when an authorized delivery agent exits a licensed premises with cannabis goods for delivery and concludes when that agent returns to the premises after delivering the cannabis goods to the customer(s) (4 CCR §15415(d)). Delivery Drivers only travel from our licensed premises to the delivery address, from one delivery address to another, or from a delivery address back to the licensed premises. Delivery Drivers do not deviate from the provided course except for necessary rest, fuel, vehicle repair stops, or because road conditions make continued use of route unsafe, impossible, or impracticable (4 CCR §15421). Dyrect institutes a no tolerance policy for deviating from GPS generated routes absent valid explanation, which is confirmed by reviewing GPS data. OnFleet consolidates reports on driver activity and performance to provide the most current information on our drivers. All Delivery employees are adequately trained in delivery logistics compliance and provided are with fair warning as to the no tolerance policy.

### **C. POINT-OF-SALE TRACKING**

Procedures for receiving inventory through Blaze and Metrc include the following steps: (1) Accept new manifests in Metrc; (2) Navigate to Incoming Inventory on Blazes to ensure transfer manifest was properly synced; (3) Assign each package to a pre-programmed product name or create a new product name in Blaze for assignment; (4) Enter the wholesale cost of each unit and ensure the Quantity and Barcode fields have been properly synced; (5) Save the manifest after reviewing total cost and quantity; (6) Fill in additional package details included on package labels; and (7) Review manifest status for completion.

Procedures for customer sales through Blaze and Metrc include the following steps: (1) age verification and customer profile creation; (2) documentation of employee making the sale including first name and employee number; (3) compiling a list of products purchases, including quantity, price, and SKU#; (4) documenting total amount of sale, including the price paid for each product, amounts paid for taxes and any discounts applied; (5) Quantity and Barcode fields syncing; (6) a completed purchase receipt that contains the information obtained in steps (1)-(5).

### **BLAZE POS**

Dyrect utilizes Blaze POS software to assist with sales processing and inventory management. Blaze and Metrc integrate and sync with one another, automating processes that otherwise need to be performed manually. Blaze is automated to update when Metrc receives new inventory, sets a package's unit of measure prior to acceptance, and creates transfer manifests for vendor returns, customer deliveries, or transfer to another location. Inversely, Blaze pushes the following information into Metrc for automated updates:

- Sales and associated package IDs
- Price of product
- All changes in quantity/inventory lists
- Closed packages

Whereas Metrc tracks products by package ID, Blaze provides the additional benefit of automating stock keeping units (SKUs). The software assists with creating a strong product naming convention consistent with Metrc's pre-set product profile categories, which allows packaged units to be micromanaged within the vendor's internal network while maintaining Metrc compatibility. Since California doesn't permit "deli-style" marijuana sales, standardized units are uncomplicated to monitor and inventory. Additionally, Blaze's automatic compliance detection tools prevent:



- Selling to underage customers
- Selling below cost of acquisition
- Negatives in company inventory
- Over-selling daily customer limits
- Selling from incorrect package / lot ID

Blaze also syncs Dyrect's sales receipts with Metrc through real-time sales data functionality and direct CSV file uploading. All sales must be recorded with the following: (1) name/employee number; (2) name/customer number; (3) date/time of transaction; (4) list of purchased goods and quantity; (5) package number and unit of measure; and (6) amount paid including taxes. Blaze's software makes internal inventory adjustments and reports sales receipts and inventory updates to Metrc automatically. Blaze simplifies usage by providing easy to use tablets outfitted with its POS software, receipt printers, label printers and labeling materials, barcode scanners, weigh stations, as well as ongoing training and other equipment and logistical support.

Dyrect's designated inventory manager will keep an active roster of all employees using the Metrc system and will notify the DCC within three days if a compliance notification is not fully resolved (4 CCR §15048(e)(2)). All required data points will be entered into the Blaze program and automatically updated in the company's Metrc account; all transactions will be accounted for within 24 hours and any discrepancies will be reported to the Department immediately (4 CCR §15049(c)). Blaze is used for both on-site and delivery transactions.

#### **D. ONFLEET TRANSPORTATION & LOGISTICS SOFTWARE**

Our entire fleet is integrated into our OnFleet transportation and logistics platform. OnFleet links each vehicle to a Global Positioning System (GPS) and works in conjunction with Blaze POS to track and record the following information:

- 1) The time that our Delivery Driver leaves our facility
- 2) The time that our Delivery Driver completes a compliant transaction
- 3) The time that our Delivery Driver returns to our facility
- 4) Our Delivery Driver's travel route between departing our facility, traveling between delivery locations and returning to the premises
- 5) The identification of our Delivery Driver
- 6) The vehicle used to conduct the compliant delivery
- 7) The identity of the receiving customer or medical patient
- 8) The type and quantity of cannabis goods included as part of each order being delivered
- 9) The dollar amount we are charging for the delivery (4 CCR § 15417(d)).

OnFleet's program and equipment provide real-time location monitoring, electronic logging capabilities, and reports for fuel consumption and driver route performance. Any information requested by the DCC regarding location and delivery routes will be immediately accessed through the system and dutifully supplied. All Delivery Vehicles are outfitted with Tuffy Tactical Security Lockboxes for added security (4 CCR §15417(b)). Lockboxes are installed and secured into the trunk of each car. Lockboxes are also outfitted with climate control technology that maintain the quality and integrity of perishable cannabis goods. Each driver is required to put products and cash from transactions in the lockbox while driving. Products will only leave the safe when a Delivery Driver performs a delivery at a verified private location

or when restocking. Cash remains in the lockbox until the driver gets back to the dispensary and is ready for transfer.

### **SECURING INVENTORY DURING NON-BUSINESS HOURS**

Our security measures protect the premises and our product during both operational and non-operational business hours. We incorporate guidelines from the United States Drug Enforcement Agency into all product security protocols for the implementation, inspection and maintenance of product security systems.

All pre-sale bulk cannabis goods are stored in the Secure Storage Room, which complies with Federal Specification AA-V-2737 and DEA 21 CFR 1301.72 and meets the following specifications from the DEA Controlled Substances Security Manual-Minimum Standards: Handlers of CI&II Controlled Substances: (1) Walls, floor, ceiling constructed of at least 8" of reinforced concrete or other masonry reinforced vertically and horizontally with #4 (½") steel rods tied 6" on center, or UL listed modular vault panels; (2) Door and frame unit are UL listed burglary-resistant, GSA Class V rated or equivalent, i.e. multiple position Group 1-R combination lock, relocking device, special metal alloy that resists carbide drilling and affords overall security protection set forth above for safes and security containers; (3) Interior and exterior equipped with alarm system which upon attempted unauthorized entry transmits a signal directly to Dyrect, Bay Alarm, and local law enforcement; and (4) Door is equipped with contact switches to ensure optimal electrical lacing of walls, floors and ceiling, sensitive ultrasonic or infrared sensors, sensitive sound accumulator system designed to detect unauthorized entry. The Secure Storage Room's exterior is composed of a material that has a Class 125 2-Hour rating for up to 2000 degrees Fahrenheit and a Class A Flame Spread Rating. The interior and associated floors, walls, and ceilings are composed of a material that is easily cleaned to ensure maximum quality assurance. The Secure Storage Room is designed to incorporate scalability for surveillance technology and storage capacity to account for operational expansion.

We keep the Secure Storage Room and other areas containing cannabis securely locked and protected from unauthorized entry. Electronic access controls maintain an electronic daily log of employee with access to the Secure Storage Room and knowledge of access code or combination along with entry and exit logs with associated time stamps. Access to the Secure Storage Room and any currency storage vaults requires input into a biometric access system with specific authorization for internal operations. We create different access level tiers and assign employees of varying responsibility different access control levels for cannabis and currency access respectively.

All inventoried product is kept in limited access areas during operational and non-operational business hours, which is separate from areas where cannabis products are prepared for delivery. Only Managers, inventory and cannabis specialists have access to these areas. Inventory withdrawals and submissions are recorded in electronic records software and in a physical logbook located in the limited access office. Access to products and cash is determined by facility management and controlled via employee RFID access cards. Electronic and physical records of all successful and failed access attempts are maintained for a period of 7 years. Access record contain information including occurrence date, time, access location, employee name and facility manager on duty.

We utilize Blaze's POS software to assist with sales processing and inventory management throughout our internal supply chain. Blaze and Metrc integrate and provide live syncing with one another. Blaze automatically updates when Metrc receives incoming inventory, sets a package's unit of measure prior to acceptance, and creates manifests for returns, customer deliveries, and transfers. Inversely, Blaze pushes automated updates to Metrc for: sale and associated package IDs; product price; changes in quantity/inventory, and; closed packages. Direct's designated inventory manager maintains an active roster of all employees using the Metrc system and notifies the DCC (Form DCC- LIC-027) within three days if a compliance notification is not fully resolved (4 CCR §15048(e)(2)). All required data points are entered into the Blaze program and automatically updated in the company's Metrc account; all transactions are accounted for within 24 hours and any discrepancies are reported to the Department and City immediately (4 CCR §15049(c)). This rigorous recordkeeping platform gives us knowledge of every cannabis product's location in our facility and maximizes product security at every stage of the delivery process.



Legend

 Costa Mesa



1: 2,257



0.1 0 0.04 0.1 Miles

WGS\_1984\_Web\_Mercator\_Auxiliary\_Sphere  
© City of Costa Mesa

The City of Costa Mesa makes no guarantee as to the accuracy of any of the information provided and assumes no liability for any errors, omissions, or inaccuracies.

Notes





### Legend

- Costa Mesa
- Zoning**
- AP - Administrative Professional
- IR-MLT - Institutional Recreational I
- R1 - Single-Family Residential
- R2-MD - Multiple-Family Residentie
- R2-HD - Multiple-Family Residentia
- R3 - Multiple Family Residential
- MG - General Industrial
- MP - Industrial Park
- PDI - Planned Development Indust
- C1 - Local Business
- C2 - General Business
- C1-S - Shopping Center
- TC - Town Center
- PDR-NCM - Planned Development Mesa
- I&R - Institutional Recreational
- I&R-S - Institutional Recreational - S
- P - Parking
- CL - Commercial Limited
- PDC - Planned Development Comr
- PDR-LD - Planned Development R
- PDR-MD - Planned Development R Density
- PDR-HD - Planned Development R

### Notes

0.1 0 0.04 0.1 Miles

WGS\_1984\_Web\_Mercator\_Auxiliary\_Sphere  
© City of Costa Mesa

The City of Costa Mesa makes no guarantee as to the accuracy of any of the information provided and assumes no liability for any errors, omissions, or inaccuracies.

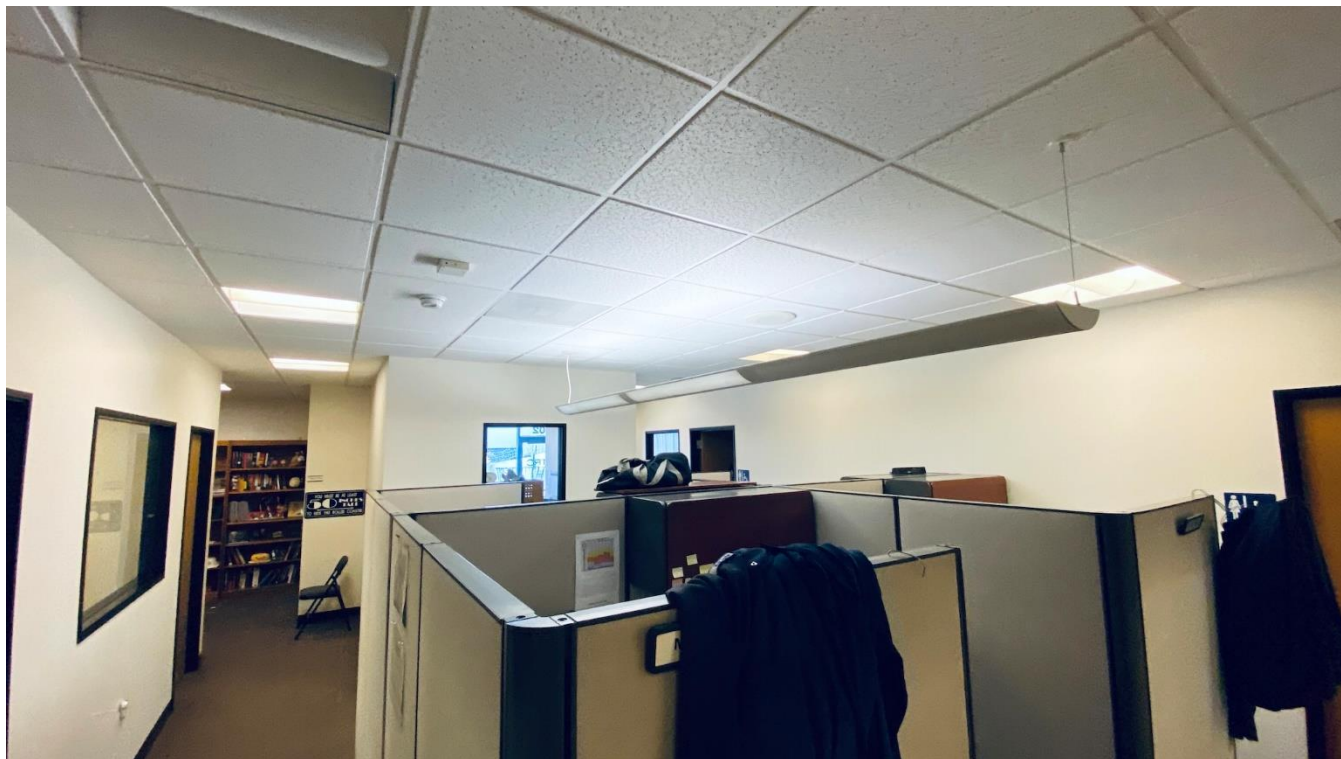
1: 2,257







PA-21-12 Site Photos  
3595 Cadillac Avenue,  
Unit 102










PA-21-12 Site Photos  
3595 Cadillac Avenue,  
Unit 102





### Legend

-  Costa Mesa
-  Measure X Boundary
-  Pending CUP
-  Denied CUP
-  Approved CUP
-  Business Permit Issued
-  Separate Map


### Notes



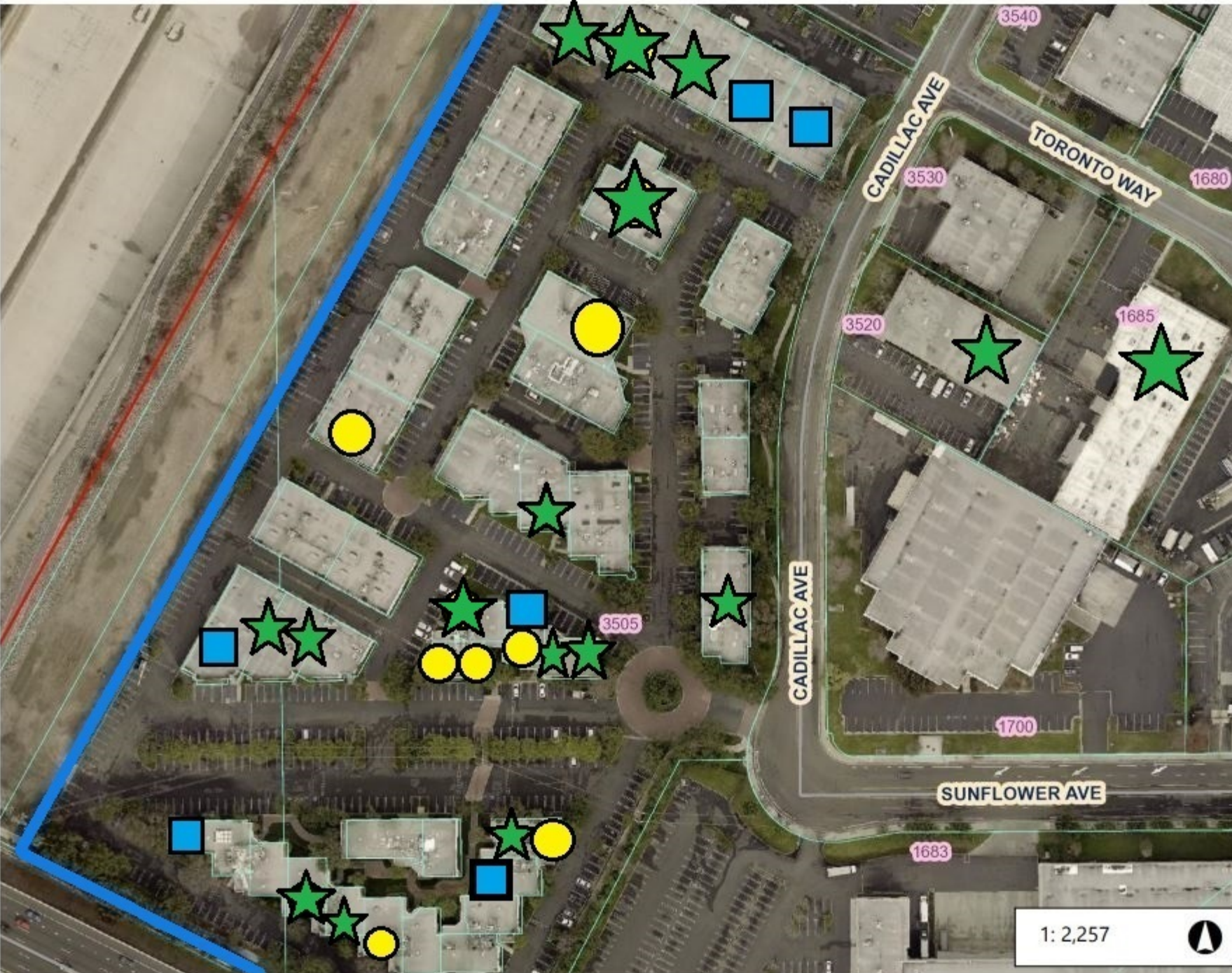




## Legend

-  Costa Mesa
-  Measure X Boundary
-  Pending CUP
-  Denied CUP
-  Approved CUP
-  Business Permit Issued
-  Separate Map

## Notes



1: 2,257



0.1 0 0.04 0.1 Miles

## 1. PREMISES PLANS

### PREMISES DIAGRAM DESCRIPTION

Dyrect's Premises Diagram has been designed with an eye towards compliance, security and operational efficiency. The design features a division of licensed premises between Manufacturing, Delivery and Distribution of the facility to comply with Premises Requirements under the Department of Cannabis Control (DCC) and the Manufactured Cannabis Safety Branch (MCSB).

The facility features **Common Areas**, which are areas allowed to be shared between licensees that are co-located on a single premises. These common areas include: (1) the Secure Check-in area; (2) the Reception Area (Lobby); (3) shared Restrooms; (4) one (1) Office the main entrance; (5) shared Hallways; (6) an Administrative Area; and (6) a Call Center. The Security Access Room is a shared area, but it is also a limited access area in compliance with the Security Provisions outlined by the DCC.

The **Manufacturing Premises** is limited to a general manufacturing area, where cartridge filling, pre-roll filling, gummy production, product packaging and other light manufacturing activities will take place. The other room within the Manufacturing premises is the Utility room.

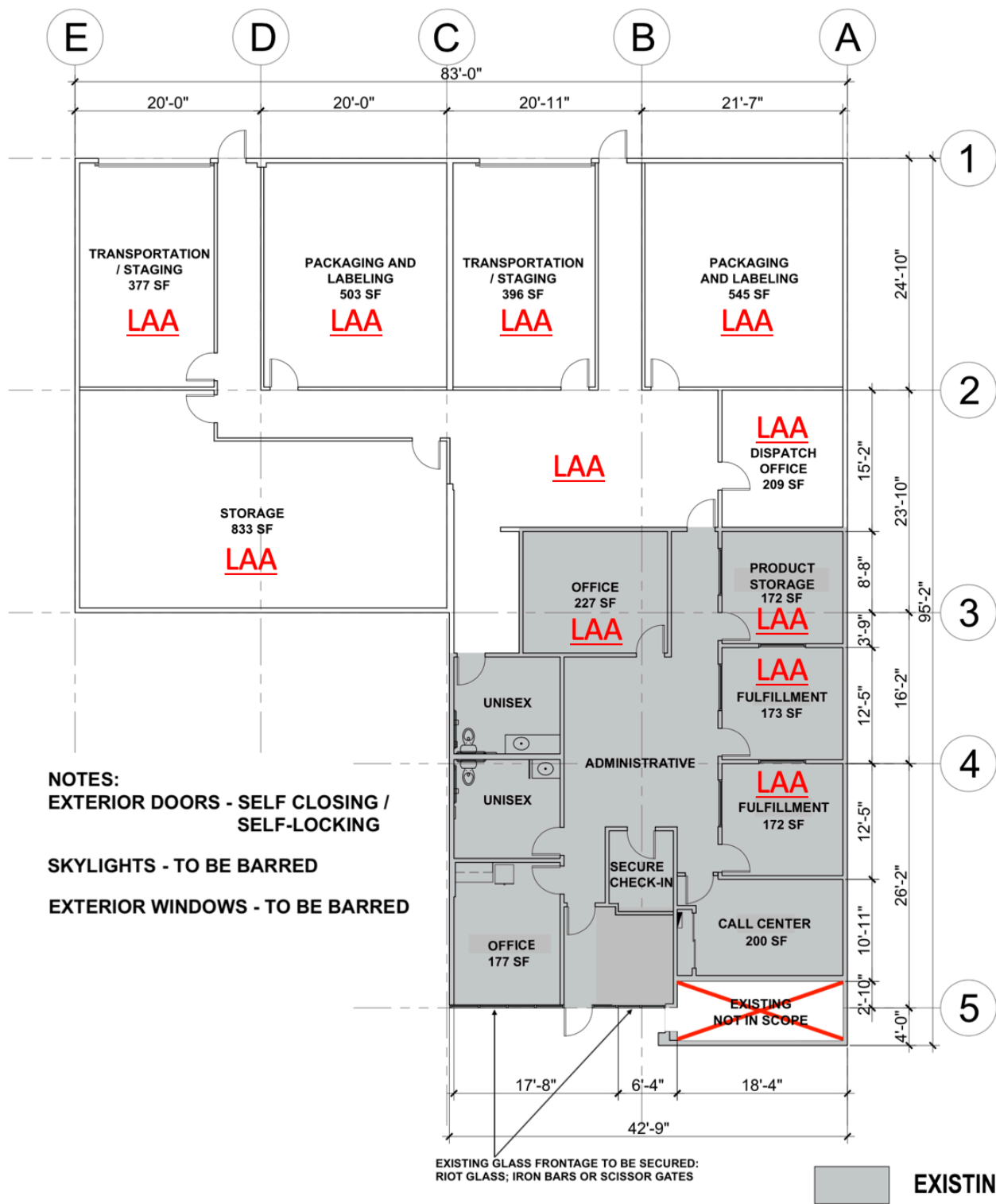
The **Distribution Premises** includes two (2) Transportation and Staging Areas, a Dispatch Office, a Secure Storage Room. Each of these areas serves a specific function as required by the DCC's premises regulations for Distributors. The secure storage is where unfinished product is stored and some basic packaging and labeling functions are fulfilled. The Transportation and Staging rooms are where incoming and outgoing product is verified with the required Metrc Shipping Manifest prior to receipt or distribution. The Dispatch Office is where general administrative and track and trace services are performed for the distribution license.

The **Delivery Premises** includes two (2) Fulfillment rooms where product will be packaged into individual orders. The Fulfillment Room are limited access as product will be in these room during hours of operation. The Delivery Premises also include a Secure Product Storage Room where product will be stored in bulk and from which the two Fulfillment rooms will pull their daily inventories for order fulfillment. Lastly, the Delivery area will also include a limited access office, where records will be stored.

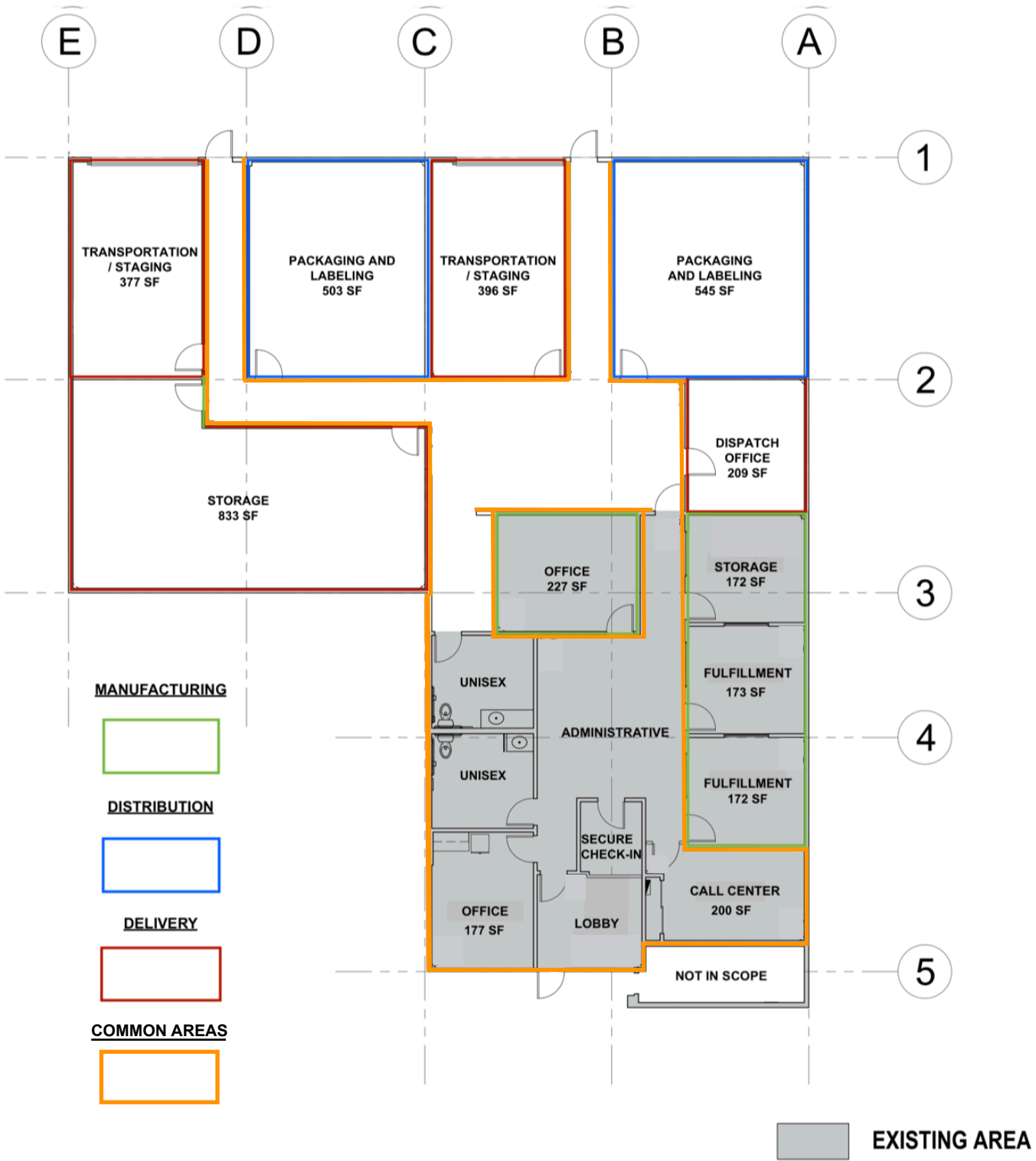
All areas are closed to the public and can only be accessed through secured or controlled access points in the facility. The following diagrams provide a detailed overview of the facility and include: (1) Floor Plan; (2) Floor Plan and Limited Access Plan; (3) Overview of Separate Licensed Areas; (4) Security Plan; and (5) Loading and Unloading Logistics.



Limited Access Areas (LAA):



**Separate License Areas:**



### **Loading and Unloading Logistics**

The cannabis distribution and limited manufacturing facility will conduct loading and unloading of cannabis product shipments through a transportation vehicle within one of the Transportation/Staging bays that are located at the North end of the facility. The loading/unloading areas will be under 24/7 video surveillance.

All loading and unloading will occur during normal hours of business with incoming and outgoing shipments to be manifested in Metrc and coordinated with onsite security staff. Drivers with incoming shipments, whether Dyrect employees or third-party distributors, will be required to call Dyrect's on-site Distribution staff to alert of an incoming shipment at least 30 minutes prior to an estimated delivery or pick up. Drivers are instructed to provide updated ETA's and Dyrect will also use On Fleet's logistics services to help coordinate delivery times.

Staff confirms incoming/outgoing inventory with the Metrc shipping manifest within the Transportation/Staging areas before moving product into the Secure storage. Dyrect's facility can accommodate at least two deliveries at a time through one of the two transportation/staging areas. In cases where more than two deliveries occur in proximate times, the third driver will be instructed to delay his drop-off until staff has properly received the first shipments. Shipments shall only be processed when a security guard is on duty and drivers and staff will be required to authorize and approve the shipping manifest and corresponding times prior to completion of a delivery.

All loading and unloading shall be done in compliance with Department of Cannabis Control regulations as well as those of the City of Costa Mesa. Dyrect ' Loading/Unloading logistics have been designed to exceed regulatory requirements and maximize staff and third-party safety by avoiding any unnecessary idling of products during transfers.



 EXISTING AREA

COLGAN, JULIE

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**From:** Medhat Gorgy <medhat@pyramidlabs.com>  
**Sent:** Thursday, April 7, 2022 4:03 PM  
**To:** PC Public Comments  
**Cc:** Joe Erickson  
**Subject:** Official Public Notice Application No. PA-21-19, PA-21-12  
**Attachments:** Official Public Notice RE Cannabis Mfg and Dist 040722.pdf

Dear City of Costa Mesa Commission,

Please see my attached Letter of Objection for the use of these facilities.

Best regards,

Medhat



Medhat Gorgy  
President and Chief Executive Officer  
Tel: (714) 435-9800 x1600  
Fax: (714) 435-4010  
[www.pyramidlabs.com](http://www.pyramidlabs.com)

**CAUTION:** This email originated from outside of the organization. Do not click links or open attachments unless

you recognize the sender and know the content is safe. Report any suspicious activities to the Information Technology Department.





April 7, 2022

City of Costa Mesa Planning Commission

RE: Application No. PA-21-12

Site Address: 3595 Cadillac Ave., Unit 102  
3590 Cadillac Ave., Unit A

Dear Sir/Madam:

Pyramid Laboratories, Inc. is located at 3598 Cadillac Avenue., Costa Mesa, located at the end of a cul-de-sac between the two (2) properties listed above. Pyramid has been in this location since 2004, and regularly and routinely inspected by the FDA and the EMA (European Medicines Agency).

Pyramid is a manufacturer of Commercial Medicinal injectable drugs. Pyramid's facility has Clean Rooms and major air handlers to assure the cleanliness and quality of the air entering the facility during the manufacturing process. Any air contamination can contaminate the manufactured injectable medicine and can harm the receiving patients.

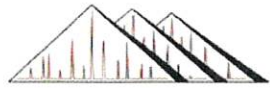
FDA recommendations always not to have facility like Pyramid near any source of toxic fumes, contaminated air, or even near an antibiotic manufacturer. The contamination can cause severe damage to patients.

In reviewing the Official Public Notice and specially 3595 Cadillac Ave., Unit 102 (Cannabis Manufacturing and Distribution Facility). We voice our objection to the use of these facilities for the following reasons:

- Pyramid has great concern for the exhaust from the air handlers of these buildings to the air adjacent to the Pyramid facility.
- Having a facility next to an injectable drug manufacturer can be a major disaster to tens and thousands of patients.
- In addition, Pyramid has maintained low traffic and high security systems throughout the years.

3598 Cadillac Avenue  
Costa Mesa, CA 92626

Tel: 714-435-9800  
Fax: 714-435-9585



**PYRAMID**  
**Laboratories, Inc.**

- We perform Drug testing on all our new hires and on a regular basis as required by the FDA. This may attribute to false results to our employees.

Pyramid has been a Tax contributor to the City of Costa Mesa since 1992. We wish the Commission to reconsider the use of these facilities and help us to maintain the security of our manufacturing facility to save lives.

Please note our loud and clear objection to the use of these facilities.

We wish the company success for many years in a different location not too close to the Pyramid facility.

Respectfully Yours,

Medhat Gorgy  
President & CEO  
Tel. (714) 435-9800 ext. 1600  
medhat@pyramidlabs.com