

City of Costa Mesa PLANNING COMMISSION Agenda

Monday, November 28, 2022

6:00 PM

City Council Chambers 77 Fair Drive

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: Attendees are encouraged to wear masks at their discretion. If you are feeling ill, or if you've been exposed to someone with COVID-19, you may still participate in the meeting via Zoom.
- 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 and online at youtube.com/costamesatv.

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- Select "Join Audio via Computer."
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- During the Public Comment Period, use the "raise hand" feature located in the participants' window and wait for city staff to announce your name and unmute your line when it is your turn to speak. Comments are limited to 3 minutes, or as otherwise directed.

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

- 4. Additionally, members of the public who wish to make a written comment on a specific agenda item, may submit a written comment via email to the PCPublicComments@costamesaca.gov. 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 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.

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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 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.

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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.

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

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PLANNING COMMISSION REGULAR MEETING

MONDAY, NOVEMBER 28, 2022 - 6:00 P.M.

BYRON DE ARAKAL Chair

JON ZICH Vice Chair

Planning Commissioner

RUSSELL TOLER Planning Commissioner

ADAM ERETH Planning Commissioner

DIANNE RUSSELL

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: (Next Page)

1. PLANNING APPLICATION 21-33 FOR A CONDITIONAL USE PERMIT 22-962
TO OPERATE A RETAIL CANNABIS STOREFRONT BUSINESS
LOCATED AT 675 PAULARINO AVENUE, SUITES 5, 6, AND 7
(STIIIZY)

RECOMMENDATION:

Staff recommends the Planning Commission adopt a Resolution to:

- 1. Find that the project is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) per CEQA Guidelines Section 15301 (Class 1), Existing Facilities; and
- 2. Approve Planning Application 21-33, subject to conditions of approval.

Attachments: 1. Agenda Report

2. Draft Planning Commission Resolution

3. Applicant Letter

4. Vicinity Map

5. Zoning Map

6. Site Photo

7. Project Plans

2. PLANNING APPLICATION 21-34 FOR A RETAIL CANNABIS 22-963
STOREFRONT BUSINESS LOCATED AT 2332 NEWPORT
BOULEVARD (FLOWER FACTORY)

RECOMMENDATION:

Staff recommends the Planning Commission adopt a Resolution to:

- 1. Find that the project is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) per CEQA Guidelines Section 15301 (Class 1), Existing Facilities; and
- 2. Approve Planning Application 21-34, subject to conditions of approval.

Attachments: 1. Agenda Report

- 2. Draft Planning Commission Resolution
- 3. Applicant Letter
- 4. Vicinity Map
- 5. Zoning Map
- 6. Site Photos
- 7. Project Plans
- 8. Public Comment
- 3. PLANNING APPLICATION 22-21 FOR A RETAIL CANNABIS 22-964
 STOREFRONT BUSINESS LOCATED AT 2001 HARBOR
 BOULEVARD, SUITES 101-103 (SOUTH COAST SAFE ACCESS)

RECOMMENDATION:

Staff recommends the Planning Commission adopt a Resolution to:

- 1. Find that the project is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) per CEQA Guidelines Section 15301 (Class 1), Existing Facilities; and
- 2. Approve Planning Application 22-21, subject to conditions of approval.

Attachments: 1. Agenda Report

- 2. Draft Planning Commission Resolution
- 3. Applicant Letter
- 4. Vicinity Map
- 5. Zoning Map
- 6. Site Photos
- 7. Project Plans

OLD BUSINESS: None.

NEW BUSINESS: None.

DEPARTMENT REPORTS:

- 1. PUBLIC WORKS REPORT
- 2. DEVELOPMENT SERVICES REPORT

CITY ATTORNEY REPORTS:

1. CITY ATTORNEY

ADJOURNMENT

Next Meeting: Planning Commission regular meeting, December 12, 2022 - 6:00 p.m.



City of Costa Mesa Agenda Report

File #: 22-962 Meeting Date: 11/28/2022

TITLE:

PLANNING APPLICATION 21-33 FOR A CONDITIONAL USE PERMIT TO OPERATE A RETAIL CANNABIS STOREFRONT BUSINESS LOCATED AT 675 PAULARINO AVENUE, SUITES 5, 6, AND 7 (STIIIZY)

DEPARTMENT: ECONOMIC AND DEVELOPMENT SERVICES DEPARTMENT/ PLANNING DIVISION

RECOMMENDATION:

Staff recommends the Planning Commission adopt a Resolution to:

- 1. Find that the project is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) per CEQA Guidelines Section 15301 (Class 1), Existing Facilities; and
- 2. Approve Planning Application 21-33, subject to conditions of approval.



PLANNING COMMISSION AGENDA REPORT

MEETING DATE: NOVEMBER 28, 2022

ITEM NUMBER:

SUBJECT: PLANNING APPLICATION 21-33 FOR A CONDITIONAL USE PERMIT

TO OPERATE A RETAIL CANNABIS STOREFRONT BUSINESS LOCATED AT 675 PAULARINO AVENUE, SUITES 5, 6, AND 7

(STIIIZY)

FROM: ECONOMIC AND DEVELOPMENT SERVICES DEPARTMENT/

PLANNING DIVISION

PRESENTATION BY: NANCY HUYNH, SENIOR PLANNER

FOR FURTHER NANCY HUYNH INFORMATION 714.754.5609

CONTACT: Nancy.Huynh@costamesaca.gov

RECOMMENDATION

Staff recommends the Planning Commission adopt a Resolution to:

- 1. Find that the project is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) per CEQA Guidelines Section 15301 (Class 1), Existing Facilities; and
- 2. Approve Planning Application 21-33, subject to conditions of approval.

APPLICANT OR AUTHORIZED AGENT

The applicant/authorized agent is Tak Sato of Shryne Paularino LLC, on behalf of the property owner, Kevin Maguire.

-1-

PLANNING APPLICATION SUMMARY

| Location: | 675 Paularino Avenue, Suites 5, 6, and 7 Application Number(s): PA-21-33 |
|-----------|--|
| Request: | Planning Application 21-33 is for a Conditional Use Permit to operate a retail cannabis storefront |
| | business. |

SUBJECT PROPERTY:

SURROUNDING PROPERTY:

| Zone: | C1 (Local Business District) | North: | PDC; Planned Development Commercial |
|-----------------------|--|------------------|---|
| General Plan: | General Commercial | South: | C1; Local Business District |
| Lot Dimensions: | 120 FT x 220 FT | East: | C1; Local Business District |
| Lot Area: | 26,400 SF | West: | C1; Local Business District |
| Existing Development: | The property is developed commercial building. | with an existing | 8,060-square-foot single-story multi-tenant |

DEVELOPMENT STANDARDS COMPARISON

| Development Standard | | Required/Allowed C1 Dev. Standard | Proposed/Provided | |
|---|--|--------------------------------------|------------------------------|--|
| Minimum Lot Size | | 12,000 SF | 26,400 SF | |
| Minimum Lot Width | | 120 ft. | 220 ft. | |
| | | | | |
| Building Height | | 2 Stories / 30 ft. | 1 story / 17 ft. | |
| | | | | |
| Setbacks: | | | | |
| Front | | 20 ft. | 75 ft. 8 in. | |
| Side (interior) | | 15 ft. / 0 ft. | 24 ft. (west) / 8 ft. (east) | |
| Rear (interior) | | 0 ft. | 0 ft. | |
| | | | | |
| Parking ¹ | | 32 spaces | 35 spaces | |
| | | | | |
| Floor area ratio (FAR) | | 0.20 | 0.312 | |
| | | | | |
| 1 32 parking spaces required per shared parking analysis; 34 parking spaces currently provided; 35 parking spaces proposed including one bicycle rack | | | | |
| 2 Existing FAR is legal-nonconforming | | | | |
| CEQA Status | Exempt per CEQA Guidelines Section 15301 (Existing Facilities) | | | |
| Final Action Planning Commission | | | | |

BACKGROUND

The subject property is located at 675 Paularino Avenue. The property is located east of the State Route 55 Freeway and is bounded by Paularino Avenue to the north, Bristol Street to the west, and Baker Street to the south. The site is zoned C1 (Local Business District) and is surrounded by other commercially zoned properties (C1, PDC – Planned Development Commercial). The site has a General Plan Land Use Designation of General Commercial.

Existing development on the subject property consists of an approximately 8,000-square-foot single-story multi-tenant commercial building and a 34-space parking lot located at the front of the property. The parking spaces are shared among the existing businesses. Two existing 24-foot wide driveways on Paularino Avenue provide access to the site.

The existing commercial building includes seven tenant suites. The onsite businesses currently include a 7-Eleven convenience store, a sushi restaurant, a hair salon, and a massage business. The property is currently undergoing a façade renovation with other improvements to the tenant suites (not associated with this retail cannabis storefront application). As such, six of the existing tenants are not in operation (7-Eleven is the only tenant currently in operation). The proposed retail cannabis storefront use, "Stiiizy", would occupy three of the seven tenant suites for a total of 2,992 square feet. These three suites were previously occupied by a chiropractor medical office, massage business, and small Japanese restaurant. The chiropractor's office has been vacant since September 2021. The massage business would be relocated to another suite of the same commercial building while the Japanese restaurant would be relocated to another property located in Costa Mesa also owned by the same property owner as the subject property.

The property is located on one of the City's primary commercial corridors and the surrounding uses predominantly include multi-tenant commercial centers. Existing businesses in these surrounding commercial centers consist of a variety of restaurants/bars, grocery store, regional shopping centers (The Lab, The Camp, South Coast Plaza), general retail, medical and general offices, and hotels. The nearest residentially zoned property (R3; Multi-Family Residential District) is approximately 300 feet away across Paularino Avenue located northeast from the subject property.

There are no open Code Enforcement cases on this property.

Nonconforming Development

The existing development is legal nonconforming in terms of the landscaping and floor area ratio (FAR), and therefore is subject to the nonconforming provisions of the Costa Mesa Municipal Code (CMMC) Section 13-204. Pursuant to this Code Section, a conforming use may be located on a nonconforming property so long as the new site

modifications do not result in greater site nonconformities, and such improvements bring the site into greater conformance with Code requirements.

Improvements would be made to bring this structure into compliance with current building and safety codes; however, and as specifically allowed by the CMMC, the existing site nonconformities can remain pursuant to the City's legal nonconforming provisions. The applicant is proposing to bring the property into closer conformance by providing additional site landscaping.

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

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

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

On November 3, 2020, Costa Mesa voters approved Measure Q, the Costa Mesa Retail Cannabis Tax and Regulation Measure. This measure allowed the City to adopt regulations permitting cannabis storefront retail (dispensaries) and non-storefront retail (delivery) within the City subject to 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.

Cannabis Business Permit (CBP) Application Process

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

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

• City Business License.

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

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

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

The applicant successfully passed these evaluations and staff issued a "CBP Notice to Proceed," which allows the applicant to submit a CUP application.

The CUP application and required supportive materials were submitted by the applicant and reviewed for conformance with City standards and regulations by the Planning Division, Building Division, Public Works Department (including Transportation and Engineering Divisions), Fire Department, and Police Department.

If the Planning Commission approves the CUP, the applicant may then begin the remaining steps of the CBP process, which include:

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

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

After obtaining the CBP, the applicant would apply for and obtain a City Business License through the Finance Department. Lastly, the applicant must obtain the appropriate license from the State Department of Cannabis Control (DCC) prior to operating.

Cannabis retail businesses are subject to a City established seven-percent gross receipts tax, which must be paid to the City of Costa Mesa's Finance Department. Records and revenues are audited annually by the Finance Department and HdL Companies.

DESCRIPTION

Planning Application 21-33 is a request for a CUP to allow a retail cannabis use in an existing 2,992-square-foot tenant space within the existing multi-tenant commercial building located at 675 Paularino Avenue, Suites 5, 6, and 7. The affiliated State license is a Type 10 "storefront retailer" license which also allows for retail cannabis delivery. However, the applicant is not proposing retail delivery services. Should the storefront wish to offer delivery services in the future, an amendment to the CUP would be required.

Upon approval of a CUP, CBP, City Business License, and State licenses, the business would sell pre-packaged cannabis and pre-packaged cannabis products directly to customers onsite, subject to conditions of approval and other City and State requirements.

<u>ANALYSIS</u>

Conditional Use Permit Required

Pursuant to CMMC Sections 13-28(B) and 13-200.93(c)(1), subject to the approval of the Planning Commission, a CUP is required for the establishment of cannabis retail storefronts in a commercial zone. The subject site is located within a commercial zone (C1 – Local Business District) where commercial development is specifically allowed to include retail storefronts. The property is located on one of the City's primary commercial corridors and generally surrounded by other commercial uses. Pursuant to the CMMC, cannabis retail storefronts are subject to extensive regulation (as specifically described in this report) which are adopted to prevent land use inconsistencies with adjacent properties. Pursuant to the CMMC, the approval of a CUP requires that the Planning Commission make specific findings related to neighborhood compatibility, health and safety, and land use compatibility. The analysis regarding CUP findings is provided below in this report.

Separation Requirements

CMMC Section 13-200.93(e) stipulates that no cannabis retail storefront use shall be located within 1,000 feet from a K-12 school, playground, licensed child daycare, or homeless shelter, or within 600 feet from a youth center as defined in CMMC Title 9, Chapter VI, Section 9-485, that is in operation at the time of submission of a completed

cannabis business permit application. All separation distances are measured in a straight line ("as the crow flies") from the "premises" where the cannabis retail use is to be located to the closest property line of the sensitive use(s). Premises is as defined in the State's Business and Professions Code Section 26001(aq) as the designated structure or structures and land specified in the application that is owned, leased, or otherwise held under the control of the applicant or licensee where the commercial cannabis activity will be or is conducted. The premises shall be a contiguous area and shall only be occupied by one licensee. Therefore, the premises only includes the retail cannabis activity areas (including sales, storage, back-of-house and/or other ancillary areas) and excludes the parking lot and other areas that are not part of the area licensed by the State for commercial cannabis activity. The subject site complies with the required separation from sensitive uses.

Exterior Tenant Improvements

The existing building façade and exterior components are currently undergoing renovations. These improvements were permitted as an upgrade to the whole center, and prior to the submittal of this retail cannabis CUP application. The permitted improvements include modernizing the exterior with new materials, new paint, new tenant signs, repaving and re-striping the parking lot to comply with the City's parking design standards, and improving accessibility to be compliant with the California Building Code. The renovation improvements are still under construction.

Given that the property is currently under renovation, the applicant does not propose significant exterior changes. However, the applicant proposes to provide three additional olive trees along the frontage of the property (to match existing site trees) as well as installing a bicycle rack to encourage multi-modal transportation. As discussed in this report under "Nonconforming Development," the CMMC does not require nonconforming landscaping to comply with existing code requirements; however, the applicant is proposing to bring the property into closer conformance and has provided a conceptual landscaping plan as part of their CUP plan submittal. The proposed landscaping plan would be reviewed further during the plan check permitting process.

The applicant also proposes to update the site with security lighting, surveillance cameras, and new business signage (signs would be reviewed and permitted separately per the City's sign code requirements). A preliminary lighting plan has been provided and would be reviewed further during the plan check process, as conditioned.

Interior Tenant Improvements

The proposed floor plan combines the three existing separate tenant spaces into a single storefront business. The majority of the interior improvements would involve construction of new demising walls to create new rooms including a retail sales area, a reception with check-in lobby, and "back-of-house" areas.

The "back-of-house" areas include storage room, manager's office, employee break room, and restrooms. A new glass divider wall would separate the reception lobby from the retail sales area. Below is a floor area summary of the 2,992-square-foot tenant space.

Table 1 - Floor Plan Summary

| Operational Area | Square Feet |
|------------------------------------|-------------|
| Retail Sales Area w/ Check-in Area | 1,947 SF |
| Storage Room | 451 SF |
| Manager's Office | 124 SF |
| Employee Break Room | 76 SF |
| Bathrooms | 66 SF |
| Hallways | 328 SF |
| Total | 2,992 SF |

Customer and Employee Access

Customer access is limited to the check-in lobby and retail sales area. Customer entrance to the proposed establishment includes entering the licensed premise through the main entrance doors that lead directly into the check-in lobby. A greeter employee would verify the customer's identity and age before allowing the customer to enter the retail sales area. After a customer's identity and age is verified and their transaction is completed, they must leave the premise. As further conditioned, a security guard would monitor the area at all times to ensure that customers are following regulations.

All other areas of the premises would be accessible only to employees with the proper security credentials. Employees would also enter through the main public entrance since there is not a designated employee-only entrance. Once inside the facility, employees would access the back-of-house areas through an access-controlled door within the rear of the retail sales area that leads into the back-of-house.

Vendor Access

During business hours, vendor vehicles (such as licensed distributors) would use the available parking spaces located closest to the access-controlled vendor entry, which would be the entry along the west side of the building. There are at least five parking spaces located directly in front of the vendor entry that are less than five feet away which (as conditioned) would be used as the designated loading/unloading areas. There would be security cameras installed on the building's exterior by the vendor entry to ensure camera coverage of the entire parking lot. Prior to arriving, the licensed distributor would provide a window of delivery time so that security personnel could ensure a loading space is available. The applicant also owns and operates a licensed cannabis distribution business that would provide cannabis products for this retail storefront location. As such, the applicant would be able to have more control over the distribution delivery times to ensure there are no impacts to traffic flow and parking.

Vendors would only be allowed to enter the premise while accompanied by an employee with the proper security credentials. In addition, a security guard would monitor the vendor vehicle until the loading/unloading activity has been completed and the vehicle departs

the facility. As conditioned, the access-controlled vendor entry door, path of travel, and vehicle loading/unloading area would be under camera surveillance at all times.

Storefront Operations

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

- Display State license, CBP, and City business license in a conspicuous building location;
- Hours of operations are limited to 7:00 AM to 10:00 PM daily;
- Shipments of cannabis goods may only be accepted during regular business hours;
- Cannabis inventory shall be secured using a lockable storage system during nonbusiness hours;
- At least one licensed security guard shall be on premises 24-hours a day;
- The premises and the vicinity must be monitored by security and/or other staff to
 ensure that patrons immediately leave and do not consume cannabis onsite or
 within close proximity. The CMMC prohibits the consumption of cannabis or
 cannabis products in public areas; cannabis consumption is limited to non-public
 areas, such as within a private residence. State law further prohibits cannabis
 consumption and open container possession within 1,000 feet of sensitive uses
 and while riding in or driving a vehicle;
- There must be continuous video monitoring and recording of the interior and exterior of the premises;
- Adequate security lighting shall be provided and shall be designed to prevent offsite light spill;
- Onsite sales of alcohol or tobacco products and on-site consumption of alcohol, cannabis, and tobacco products is prohibited;
- No one under the age of 21 is allowed to enter the premises. If the business holds a retail medical cannabis license (M-license) issued by the State, persons over the age of 18 may be allowed with the proper medical approvals i.e. physician's recommendation or medical card pursuant to CMMC Section 9-495(h)(6);
- Prior to employment, all prospective employees must successfully pass a background check conducted by the City, and the employee must obtain a City issued identification badge;
- Customers are only granted access to the retail area after their age and identity has been confirmed by an employee;
- Each transaction involving the exchange of cannabis goods between the business and consumer shall include the following information:
 - Date and time of transaction;
 - Name and employee number/identification of the employee who processed the sale:
 - List of all cannabis goods purchased including quantity; and
 - Total transaction amount paid.

- There must be video surveillance of the point-of-sale area and where cannabis goods are displayed and/or stored;
- Cannabis products shall not be visible from the exterior of the building;
- Free samples of cannabis goods are prohibited;
- When receiving new inventory from licensed distributors, employees will verify the
 distributor's identity and license prior to allowing them to enter the facility through
 an access-controlled door. After distributor's credentials have been confirmed, an
 employee will escort the distributor to the shipping and receiving area and remain
 with them throughout the process.
- Cannabis goods to be sold at this establishment must be obtained by a licensed cannabis distributor and have passed laboratory testing;
- Cannabis product packaging must be labeled with required test results and batch number; and
- Packaging containing cannabis goods shall be tamper and child-resistant; if packaging contains multiple servings, the package must also be re-sealable.

Business Plan

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

Security Plan

The applicant has submitted a professionally prepared security plan for the proposed retail cannabis establishment. The City's cannabis consultant reviewed the security plan and determined that appropriate security measures were included to address the City's security requirements pursuant to CMMC Title 9, Chapter VI, and State law. Since the security plan contains sensitive operational details that require limited public exposure to remain effective, the plan is not included as an attachment. However, the following is a list of general security measures that are required for the proposed cannabis retail establishment:

- At least one security guard will be on-site 24-hours a day;
- All employees, including drivers, must pass a "Live Scan" background check;
- City-issued identification badges are required for employees;
- An inventory control system shall be maintained;
- Exterior and interior surveillance cameras shall be monitored and professionally installed;
- An alarm system shall be professionally installed, maintained, and monitored;
- Surveillance footage must be maintained for a minimum of 90 days;
- Cash, cannabis, and cannabis products shall be kept in secured storage areas;

- Sensors shall be installed that detect entry and exit from all secured areas;
- Security lighting (interior and exterior) shall be installed;
- Emergency power supply shall be installed;
- Employees shall be trained for use with any/all emergency equipment;
- Employees and vendors will be trained regarding cash and product transportation protocol;
- Visitor/customer specific security measures shall be required; and
- All facility entry and exit points and locations where cash or cannabis products are handled or stored shall be under camera surveillance.

Parking and Circulation

Retail cannabis uses are subject to the same parking ratio requirement as other retail establishments in the City (four spaces per 1,000 square feet of gross floor area). Based on this ratio, the 2,992-square-foot facility would be required to provide 12 onsite parking spaces. The peak weekday parking demand for the existing commercial building based on the shared parking analysis for the previous mix of land uses is 34 parking spaces (peak weekday demand occurs at 2 p.m.). The peak weekend parking demand is 25 spaces which also occurs at 2 p.m. Access to the site is provided by two existing driveways on Paularino Avenue. There is an existing public sidewalk at the front of the property also along Paularino Avenue, which provides access to the site for pedestrians and bicyclists.

The subject property has 34 parking spaces provided in a surface lot that is shared with all tenants of the commercial building. However, the applicant proposes to add one bicycle rack, which is credited as one additional standard parking space increasing the total provided parking spaces to 35. The proposed retail cannabis storefront would be replacing three previous land uses (massage business, restaurant with under 300 square feet of public area, and medical office) that had same retail or higher parking requirements. (Medical office and massage require six parking spaces per 1,000 square feet.) The medical office use is no longer in operation since September 2021 but the massage business would be relocated to a different suite within the same commercial building. Based on the new mix of land uses with the proposed storefront, the new peak parking demand would decrease to 32 parking spaces during the weekdays and 29 spaces during the weekend (peak demand occurs at 1 p.m. on the weekday and weekend). Therefore, there would be adequate parking available to serve the existing businesses and the proposed storefront.

Table 2 - Parking Requirements

| Tubic E Turking Requirements | | | | | |
|------------------------------|-----------|--|--|--|--|
| Previous Parking Demand | | | | | |
| Land Use Category | Total SF | | | | |
| General Retail | 6,030 SF | | | | |
| Massage | 965 SF | | | | |
| Medical Office | 1,065 SF | | | | |
| Peak Shared Parking Demand | 34 spaces | | | | |
| Proposed Parking Demand | | | | | |
| General Retail | 7,095 SF | | | | |
| Massage | 965 SF | | | | |

| Peak Shared Parking Demand | 32 spaces | | |
|----------------------------|--|--|--|
| Proposed Parking Supply | | | |
| Shared Parking Provided | 35 spaces (including one bicycle rack) | | |

As with many new uses and based on many factors that are difficult to quantify, it is difficult to anticipate exact demand for a new use; however, if parking shortages or other parking-related problems occur, the business owner or operator will be required to monitor the parking lot and institute appropriate operational measures necessary to minimize or eliminate the problem in a manner deemed appropriate by the Director of Economic and Development Services (see "Operational Conditions" of Approval No. 6 in the attached Resolution). Examples of parking demand management techniques include, but are not limited to, offsite parking for employees, reducing operating hours of the business, hiring an employee to monitor parking lot use and assist with customer parking lot circulation, offering delivery services to reduce in person store visits, and incentivizing employee carpooling/cycling/walking.

Traffic

The CMMC Section 13-275(e) indicates that any increase in traffic generation by a change of use that is required to obtain a discretionary permit, shall be subject to review by the appropriate reviewing authority, which may impose fees to address increased trip generation. If required, the fee collected is used to fund the City's comprehensive transportation system improvement program. The purpose of the program is to ensure that the City's transportation system has the capacity to accommodate additional trips. The Citywide Traffic Impact Fees related to new and expanding developments is determined using estimated Average Daily Trips (ADT), which is the combined total number of vehicular trips both in and out of a development generated throughout an average weekday. The Transportation Services Division determined that the appropriate ADT for a cannabis retail establishment is approximately 108 trips per 1,000 square feet based on the Institute of Transportation Engineers (ITE) 11th Edition Trip Generation Manual for a pharmacy/drug store with drive-through. The City's traffic engineering review focuses on net trip increase for both the ADT and peak hour trips. Therefore, the trip generation is estimated for the previous/existing use(s) and is credited (subtracted) from the proposed use to estimate potential changes in trip generation for ADT and peak hour trips. CMMC Section 13-275(a), specifies that "a traffic impact study shall be required for all development projects estimated by the Public Services Department to generate one hundred (100) or more vehicle trip ends during a peak hour." The highest peak hour trips in either the AM or PM peak is used to estimate the number of vehicular trips generated both in and out of a new or expanded development known as vehicle trip ends during a peak hour. Staff reviewed and determined that the proposed use does not meet the threshold of 100 peak hour trips requiring a traffic study based on the net peak hour trips.

The proposed use would be subject to a traffic impact fee based on net ADT. The estimated traffic impact fee is approximately \$36,000. The fee calculation would be finalized during the building permit plan check process and must be paid prior to building permit issuance.

Odor Attenuation

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

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 both serve local needs and attract regional and international spending, and providing cultural, educational, social, and recreational amenities that contribute to the quality of life in the community. 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 applicable 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 use would provide a new entrepreneurial business in Costa Mesa located within a commercial area as allowed under Measure Q, and provides new goods and services and new employment opportunities in the community.

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

Consistency: Retail cannabis uses are expected to generate increased tax revenues in that cannabis sales are subject to a seven-percent local tax on gross receipts. Approval of the proposed cannabis retail storefront would allow business operations that would expand the City's revenue base. This revenue

can then be used for community services and infrastructure improvements that serve the community.

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

Consistency: The proposed use is part of the specialized and growing cannabis industry that is limited in the surrounding region. Approval of this CUP would facilitate a new local business 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 located within a commercial zone (C1, Local Business District) where commercial development is specifically allowed to include retail storefronts. In addition, the property is located on one of the City's primary commercial corridors which is predominantly intended for commercial uses. Pursuant to the CMMC, cannabis retail storefronts are permitted uses in the City's commercial zones and are subject to extensive regulation (as specifically described in this report). These regulations are adopted to prevent land use inconsistencies with adjacent properties. Additionally, the proposed cannabis retail storefront use is not located within 1,000 feet of a K-12 school, playground, licensed child daycare, or homeless shelter, or within 600 feet of a youth center. All retail sales would take place underroof, no outdoor storage or sales are proposed nor would be allowed, and operations would be conditioned to be compliant with applicable local and State laws as well as to minimize potential impacts. Staff does not anticipate that the proposed retail cannabis use would be materially detrimental to the adjacent uses that include office uses, a variety of commercial uses, and multi-tenant commercial centers. Existing businesses in these commercial centers consist of a variety of restaurants/bars, grocery store, regional shopping centers (The Lab, The Camp, South Coast Plaza), general retail, medical and general offices, and hotels. In addition, staff does not anticipate that the use would be materially detrimental to the existing businesses onsite since there would be adequate parking available to serve all businesses. Therefore, the retail cannabis use would be compatible with other properties within the area, and in compliance with local and State requirements.

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

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

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

The proposed retail use is located within an existing commercial building on a property that has a General Plan land use classification of "General Commercial." No additional square footage is proposed; therefore, approving the CUP would not increase site intensity. As stated in the General Plan Land Use Element, the City's commercial designations "accommodate the full range of commercial activity present and desired in Costa Mesa." The use is consistent with General Plan policies related to providing a mixture of commercial goods, services, and employment opportunities; expanding the City's tax base; and promoting the incubation of unique and specialized businesses.

ENVIRONMENTAL DETERMINATION

The project is categorically exempt from the provisions of California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301 for the permitting and/or minor alteration of Existing Facilities, involving negligible or no expansion of the existing or prior use. This project site contains an existing commercial building that has been used for commercial activities and the application does not propose an increase in commercial floor area or otherwise expand the prior commercial use. The project is consistent with the applicable General Plan land use designation and policies as well as with the applicable zoning designation and regulations.

ALTERNATIVES

The Planning Commission has the following alternatives:

- 1. <u>Approve the project</u>. The Planning Commission may approve the project as proposed, subject to the conditions outlined in the attached Resolution.
- 2. <u>Approve the project with modifications</u>. 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. <u>Deny the project</u>. If the Planning Commission believes that there are insufficient facts to support the findings for approval, the Planning Commission must deny the application, provide facts in support of denial, and direct staff to incorporate the findings into a Resolution for denial. If the project is denied, the applicant could not submit substantially the same type of application for six months.

LEGAL REVIEW

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

PUBLIC NOTICE

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

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

As of the date this report was circulated, no written public comments have been received. Any public comments received prior to the November 28, 2022 Planning Commission meeting will be provided separately.

CONCLUSION

The proposed project is a retail cannabis storefront business at an existing developed commercial property that is located on one of the City's commercial corridors and meets separation requirements established in CMMC 13-200.93(e). Staff and the City's cannabis consultant completed the Pre-application Determination, Business Plan and Security Plan evaluations, owner background checks, and thoroughly reviewed the CUP materials. If approved, the operation would be required to comply with all conditions of approval and extensive City and State regulations.

If the Planning Commission approves the project, the applicant would next obtain building permits, complete tenant improvements, and pass City inspections prior to obtaining a CBP and City Business License. The CBP is valid for two years and must be continuously renewed, including inspections, prior to expiration. During each two-year CBP period, the Community Improvement Division, along with other City staff, will conduct site inspections to verify that the operation complies with CUP and CBP requirements. Violations identified during site inspections may be grounds for revocation of issued permits or non-renewal of a CBP.

As proposed and conditioned, the use would be consistent with other commercial uses in the C1 zone, the Zoning Code, and the City's General Plan. The required findings for the CUP can be made, as described above, and therefore, staff recommends approval of Planning Application 21-33 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 21-33 FOR A STOREFRONT RETAIL CANNABIS BUSINESS (STIIIZY) IN THE C1 ZONE AT 675 PAULARINO AVENUE, SUITES 5, 6, AND 7

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

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

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

WHEREAS, Planning Application 21-33 was filed by Tak Sato with Shryne Paularino LLC, authorized agent for the property owner, Kevin Maguire, requesting approval of the following:

A Conditional Use Permit to operate a storefront retail cannabis business within an existing 2,992-square-foot tenant space within an existing commercial building located at 675 Paularino Avenue. The business would sell pre-packaged cannabis and pre-packaged cannabis products directly to customers onsite, subject to conditions of approval and other City and State requirements;

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

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

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

NOW, THEREFORE, based on the evidence in the record and the findings contained in Exhibit A, and subject to the conditions of approval contained within Exhibit B, the Planning Commission hereby **APPROVES** Planning Application 21-33 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 21-33 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 28th day of November, 2022.

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 November 28, 2022 by the following votes:

AYES: COMMISSIONERS

NOES: COMMISSIONERS

ABSENT: COMMISSIONERS

ABSTAIN: COMMISSIONERS

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 a commercial zone (C1, Local Business District) where commercial development is specifically allowed to include retail storefronts. In addition, the property is located on one of the City's primary commercial corridors which is predominantly intended for commercial uses. Pursuant to the CMMC, cannabis retail storefronts are permitted uses in the City's commercial zones and are subject to extensive regulation (as specifically described in this report). These regulations are adopted to prevent land use inconsistencies with adjacent properties. Additionally, the proposed cannabis retail storefront use is not located within 1,000 feet of a K-12 school, playground, licensed child daycare, or homeless shelter, or within 600 feet of a youth center. All retail sales would take place underroof, no outdoor storage or sales are proposed nor would be allowed, and operations would be conditioned to be compliant with applicable local and State laws as well as to minimize potential impacts. Staff does not anticipate that the proposed retail cannabis use would be materially detrimental to the adjacent uses that include office uses, a variety of commercial uses, and multi-tenant commercial centers. Existing businesses in these commercial centers consist of a variety of restaurants/bars, grocery store, regional shopping centers (The Lab, The Camp, South Coast Plaza), general retail, medical and general offices, and hotels. In addition, staff does not anticipate that the use would be materially detrimental to the existing businesses onsite since there would be adequate parking available to serve all businesses. Therefore, the retail cannabis use would be compatible with other properties within the area, and in compliance with local and State requirements.

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

Facts in Support of Finding: The proposed cannabis retail storefront use would follow safety measures detailed in a professionally-prepared security plan. The security plan was evaluated for compliance by the City's cannabis consultant, HdL. Measures designed to maintain safety at the site include, but are not limited to, at least one security guard would be onsite at all times and

security devices shall be installed before operation. Examples of security devices include window and door alarms, motion-detectors, limited access areas, and a monitored video surveillance system covering all exterior entrances, exits, and all interior limited access spaces. In addition, the business employees, and part-time staff, must pass a live scan background check and obtain an identification badge from the City. The conditions of approval include, but are not limited to, the aforementioned security measures to ensure that the use would not be materially detrimental to the health, safety and general welfare of the public or be otherwise injurious to property or improvements within the immediate neighborhood.

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

Facts in Support of Finding: The proposed retail use is located within an existing commercial building on a property that has a General Plan land use classification of "General Commercial." No additional square footage is proposed; therefore, approving the CUP would not increase site intensity. As stated in the General Plan Land Use Element, the City's commercial designations "accommodate the full range of commercial activity present and desired in Costa Mesa." The use is consistent with General Plan policies related to providing a mixture of commercial goods, services, and employment opportunities; expanding the City's tax base; and promoting the incubation of unique and specialized businesses.

- B. The project is categorically exempt from the provisions of CEQA pursuant to CEQA Guidelines Section 15301 for the permitting and/or minor alteration of Existing Facilities, involving negligible or no expansion of the existing use. This project site contains an existing commercial building that has been used for commercial activities and the application does not propose an increase in floor area or otherwise expand the prior commercial use. The project is consistent with the applicable General Plan land use designation and policies as well as with the applicable zoning designation and regulations.
- C. The project is subject to a traffic impact fee, pursuant to Chapter XII, Article 3
 Transportation System Management, of Title 13 of the Costa Mesa Municipal Code.

EXHIBIT B

CONDITIONS OF APPROVAL

General

Plng.

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

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

- a written explanation of the changes. If the Director determines that changes are substantial, a modification to the Cannabis Business Permit and/or amendment to the CUP may be required.
- 11. A parking management plan, including techniques described in Operational Condition of Approval No. 7, must be approved by the Director of Economic and Development Services or designee prior to any grand opening or other high volume event on the subject property.
- Bldg. 12. 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-21-25. Upon issuance, the Cannabis Business Permit will be valid for a two-year period and must be renewed with the City prior to its expiration date, including the payment of permit renewal fees. No more than one Cannabis Business Permit may be issued to this property.
 - 14. The use shall operate in accordance with the approved Business Plan. Any changes to the Business Plan must be submitted to the Planning Division with a written explanation of the changes. If the Director determines that changes are substantial, a modification to the Cannabis Business Permit and/or amendment to the CUP may be required.
 - 15. A Cannabis Business Permit may be revoked upon a hearing by the Director of Economic and Development Services or designee pursuant to Section 9-120 of the CMMC for failing to comply with the terms of the permit, the applicable provisions of the CMMC, State law or regulation and/or any condition of any other permit issued pursuant to this code. Revocation of the Cannabis Business Permit shall trigger the City's proceedings to revoke the Conditional Use Permit and its amendments. The Conditional Use Permit granted herein shall not be construed to allow any subsequent owner/operator to continue operating under PA-21-33 until a valid new Cannabis Business Permit is received from the City of Costa Mesa.
 - 16. A change in ownership affecting an interest of 51 or more percent, or an incremental change in ownership that will result in a change of 51 or more percent over a three year period, shall require submittal and approval of a

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

State

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

- Costa Mesa Community Improvement Division within 24 hours, not including weekends and holidays.
- 23. The property owner and applicant shall use "Crime Prevention Through Environmental Design" techniques to reduce opportunities for crime, loitering and encampments on the property as deemed appropriate by the Community Improvement Manager and Director of Economic and Development Services.
- Finance 24. This business operator shall pay all sales, use, business and other applicable taxes, and all license, registration, and other fees and permits required under State and local law. This business operator shall cooperate with the City with respect to any reasonable request to audit the cannabis business' books and records for the purpose of verifying compliance with the CMMC and this CUP, including but not limited to a verification of the amount of taxes required to be paid during any period.
 - 25. The following records and recordkeeping shall be maintained/conducted:
 - a. The owner/operator of this cannabis business shall maintain accurate books and records, detailing all of the revenues and expenses of the business, and all of its assets and liabilities. On no less than an annual basis, or at any time upon reasonable request of the City, the owner/operator shall file a sworn statement detailing the number of sales by the cannabis business during the previous twelve month period (or shorter period based upon the timing of the request), provided on a per-month basis. The statement shall also include gross sales for each month, and all applicable taxes paid or due to be paid.
 - b. The owner/operator shall maintain a current register of the names and the contact information (including the name, address, and telephone number) of anyone owning or holding an interest in the cannabis business, and separately of all the officers, managers, employees, agents and volunteers currently employed or otherwise engaged by the cannabis business. The register required by this condition shall be provided to the City Manager upon a reasonable request.
 - c. The owner/operator shall maintain an inventory control and reporting system that accurately documents the present location, amounts, and descriptions of all cannabis and cannabis products for all stages of the retail sale and 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 or designees.

- Insp. 26. The City Manager or designees may enter this business at any time during the hours of operation without notice, and inspect all areas of this business as well as any recordings and records required to be maintained pursuant to Title 9, Chapter VI or under applicable provisions of State law. It is a violaiton of this use permit for any person having responsibility for the operation of a cannabis business, to impede, obstruct, interfere with, or otherwise not to allow, the City to conduct an inspection of the business or areas within and/or associated with the business. If business areas are located behind access controlled (locked) doors, these areas shall be opened/available immediatley for inspection upon request. If areas of the business are not available to the City Manager or designees for inspection upon immediate request, the Cannabis Business Permit (CBP) shall be subject to revocation pursuant Costa Mesa Municipoal Code section 9-120.
 - 27. Inspections of this cannabis business by the City will be conducted, at a minimum, on a quarterly basis. The applicant will pay for the inspections according to the adopted Fee Schedule.
 - 28. Quarterly Fire & Life Safety Inspections will be conducted by the Community Risk Reduction Division to verify compliance with the approved operation. The applicant will pay for the inspection according to the Additional Required Inspections as adopted in the Fee Schedule.
 - 29. Annual Fire & Life Safety Inspections will be conducted by the Fire Station Crew for emergency response pre-planning and site access familiarization. The applicant will pay for the inspection according to the adopted Fee Schedule.
 - 30. Pursuant to Title 9, Chapter VI, it is unlawful for any person having responsibility for the operation of a cannabis business, to impede, obstruct, interfere with, or otherwise not to allow, the City to conduct an inspection, review or copy records, recordings or other documents required to be maintained by a cannabis business under this chapter or under State or local law. It is also unlawful for a person to conceal, destroy, deface, damage, or falsify any records, recordings or other documents required to be maintained by a cannabis business under this chapter or under State or local law.

Prior to Issuance of Building Permits

1. Plans shall be prepared, stamped and signed by a California licensed Architect or Engineer.

- 2. The conditions of approval and ordinance or code provisions of Planning Application 21-33 shall be blueprinted on the face of the site plan as part of the plan check submittal package.
- 3. Prior to the Building Division issuing a demolition permit, the applicant shall contact the South Coast Air Quality Management District (AQMD) located at:

21865 Copley Dr.

Diamond Bar, CA 91765-4178

Tel: 909- 396-2000

Or visit its website: http://www.costamesaca.gov/modules/showdocument.aspx?documentid =23381. The Building Division will not issue a demolition permit until an Identification Number is provided by AQMD.

- 4. Odor control devices and techniques shall be incorporated to ensure that odors from cannabis are not detected outside the property, anywhere on adjacent property or public right-of-way. Building and mechanical permits must be obtained from the Building Division prior to work commencing on any part of the odor control system.
- 5. Plan check submittal shall include air quality/odor control device specification sheets. Plan check submittal shall also include a landscape plan that complies with CMMC requirements, drought-tolerant plants and/or California native plants, parking lot striping in conformance with CMMC requirements, and improvement/screening details for the existing trash enclosure (including but not limited to landscape treatment and repainting).
- 6. No signage shall be installed until the owner/operator or its designated contractor has obtained permits required from the City. Business identification signage shall be limited to that needed for identification only. Business identification signage shall not include any references to cannabis, whether in words or symbols. All signs shall comply with the CMMC.
- 7. The plans and business operator shall comply with the requirements of the 2019 California Fire Code, including the 2019 Intervening Update and referenced standards as amended by the City of Costa Mesa.
- 8. The Traffic Impact Fee as calculated by the Transportation Services Division shall be paid in full.
- 9. Construction documents shall include a temporary fencing and temporary security lighting exhibit to ensure the site is secured during construction and to discourage crime, vandalism, and illegal encampments.
- 10. The applicant shall submit a lighting plan to the Planning Division for review and approval. The lighting plan shall show locations of all security lighting. As determined by the Director of Economic and Development Services or their designee, a photometric study may be required to demonstrate compliance with the following: (a) lighting levels on the property including the parking lot shall be adequate for safety and security purposes (generally, at least 1.0 foot candle), (b) lighting design and layout

- shall minimize light spill at the adjacent residential property line and at other light-sensitive uses (generally, no more than 0.5-footcandle at the property line), and (c) glare shields may be required to prevent light spill.
- 11. Two (2) sets of detailed landscape and irrigation plans, which meet the requirements set forth in Costa Mesa Municipal Code Sections 13-101 through 13-108, shall be required as part of the project plan check review and approval process. Plans shall be forwarded to the Planning Division for final approval prior to issuance of building permits.

Prior to Issuance of a Certificate of Use/Occupancy

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

Prior to Issuance of Cannabis Business Permit

- 1. The applicant shall contact the Planning Division for a facility inspection and provide a matrix of conditions of approval explaining how each was met prior to issuance of a Cannabis Business Permit.
- 2. The applicant shall pay the public notice fee (\$1 per notice post card) and the newspaper ad publishing cost.
- 3. The final Security Plan shall be consistent with the approved building plans.
- 4. Each entrance to the business shall be visibly posted with a clear and legible notice stating the following:
 - a. That smoking, ingesting, or otherwise consuming cannabis on the premises or in the areas adjacent to the cannabis business is prohibited;
 - b. That no person under the age of twenty-one (21) years of age is permitted to enter upon the premises;
 - c. That loitering by persons outside the facility both on the premises and within fifty (50) feet of the premises is prohibited; and
 - d. The premise is a licensed cannabis operation approved by the City of Costa Mesa. The City may also issue a window/door sticker, which shall be visibly posted.
- 5. The owner/operator shall obtain and maintain at all times during the term of the permit comprehensive general liability insurance and comprehensive automotive liability insurance protecting the permittee in an amount of not less than two million dollars (\$2,000,000.00) per occurrence, combined single limit, including bodily injury and property damage and not less than two million dollars (\$2,000,000.00) aggregate for each personal injury liability, products-completed operations and each accident, issued by an insurance provider admitted and authorized to do business in California and shall be rated at least A-:viii in A.M. Best & Company's Insurance Guide. Such policies of insurance shall be endorsed to name the City of Costa Mesa as an additional insured. Proof of said insurance must be provided to

- the Planning Division before the business commences operations. Any changes to the insurance policy must be submitted to the Planning Division within 10 days of the date the change is effective.
- 6. The applicant shall submit an executed Retail Cannabis Business Permit Defense and Indemnity Agreement on a form to be provided by the City.
- 7. The security plan shall be revised to include an exhibit identifying the location of the access controlled vendor entry and the designated loading/unloading area consistent with the staff report's description.
- 8. The applicant shall post signs within the parking lot directing customers, employees and vendors to use consideration when entering their vehicles and leaving the parking lot. The language of the parking lot signs shall be reviewed and approved by the Planning Division prior to installation

Operational Conditions

- 1. No product deliveries to the facility shall occur after 10:00 PM and before 7:00 AM.
- 2. Onsite sales to customers is limited to the hours between 7:00 AM and 10:00 PM.
- 3. At least one security guard shall be onsite at all times.
- 4. The operator shall maintain free of litter all areas of the property under which applicant has control.
- 5. The use shall be conducted, at all times, in a manner that will allow the quiet enjoyment of the surrounding neighborhood. The operator shall institute appropriate security and operational measures as necessary to comply with this requirement.
- If parking shortages or other parking-related problems develop, the 6. business owner or operator will be required to institute appropriate operational measures necessary to minimize or eliminate the problem in a manner deemed appropriate by the Director of Economic and Development Services or designee. Temporary or permanent parking management strategies include, but are not limited to, reducing operating hours of the business, hiring an employee trained in traffic control to monitor parking lot use and assist with customer parking lot circulation, encouraging customers to take advantage of delivery service instead of store visits, limiting the number of employees that park onsite, offering an emplovee shuttle incentivizing service. employee carpooling/cycling/walking and obtaining approval of offsite parking.
- 7. All employees must wear an identification badge while on the premises of the business, in a format prescribed by the City Manager or designee. When on the premises, badges must be clearly visible and worn on outermost clothing and above the waist in a visible location.
- 8. Vendor supply vehicle loading and unloading shall only take place within direct unobstructed view of surveillance cameras, located in close proximity to the vendor entry door, as shown on an exhibit approved by the Director of Economic and Development Services or designee. No loading and

unloading of cannabis products into or from the vehicles shall take place outside of camera view. The security guard shall monitor all on-site loading and unloading of vehicles. Video surveillance cameras shall be installed on the exterior of the building with direct views of the vendor entry door and the entire parking lot. Any modifications or additional vehicle loading and unloading areas shall be submitted to the Director of Economic and Development Services or designee for approval.

- 9. Vendor supply vehicle standing, loading and unloading shall be conducted so as not to interfere with normal use of streets, sidewalks, driveways and on-site parking.
- 10. The sale, dispensing, or consumption of alcoholic beverages on or about the premises is prohibited.
- 11. No outdoor storage or display of cannabis or cannabis products is permitted at any time.
- 12. Cannabis shall not be consumed on the property at any time, in any form.
- 13. The owner/operator shall prohibit loitering on and within fifty (50) feet of the property.
- 14. No cannabis or cannabis products, or graphics depicting cannabis or cannabis products, shall be visible from the exterior of the property.
- 15. The owner or operator shall maintain air quality/odor control devices by replacing filters on a regular basis, as specified in the manufacturer specifications.
- 16. If cannabis odor is detected outside the building, the business owner or operator shall institute corrective measures necessary to minimize or eliminate the problem in a manner deemed appropriate by the Director of Economic and Development Services.
- 17. 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.
- 18. Each transaction involving the exchange of cannabis goods between the business and consumer shall include the following information: (1) Date and time of transaction; (2) Name and employee number/identification of the employee who processed the sale; (3) List of all cannabis goods purchased including quantity; and (4) Total transaction amount paid.
- 19. During their work shift, employees shall not park on residential streets or within residential neighborhoods.

October 31st, 2022

Dear City of Costa Mesa,

As required by the Costa Mesa Conditional Use Permit for Cannabis Retail Storefront "CUP Submittal" Checklist Number 2 "Applicant Letter", please see below the requested information.

<u>Description of Business:</u> The proposed cannabis business at 675 Paularino Ave Ste E, Costa Mesa, CA 92626 is a cannabis retail storefront.

Square Footage: The square footage of the premises is 2,992 square feet.

<u>How Space Will Be Used:</u> The space will contain a 1,947 square foot retail floor which will contain an open floor space in the middle for the customers to purchase cannabis products. The open retail floor area will be surrounded by glass cabinets containing cannabis products and point of sale stations behind the glass cabinets. The employees only area will consist of a secured inventory room, break room, manager's office, restrooms, and an electrical room.

<u>Types of Products to Be Sold:</u> The proposed store will not manufacture or package any of the cannabis products to be sold at its store. All the cannabis products to be sold will arrive pre-packaged at the store. The products to be sold include raw flower, pre-rolled flower, concentrates, edibles, vapes, beverages, topicals, tinctures and capsules.

Chemicals: There will not be any chemicals used for our business.

Green Zone: The business is not located in the Green Zone.

Detailed Project Description

Shryne Paularino LLC dba "STIIIZY Paularino" plans to occupy and renovate 2,992 sq ft of an existing single story 8,060 sq ft property on a 0.6-acre parcel located at 675 Paularino Ave in Suite E (previously Suites 5-7) in the community of Costa Mesa. The space will be an Adult-Use Commercial Cannabis Retail Dispensary (Type 10). The property is zoned C-1 with a General Commercial General Plan Designation. Our proposed location at 675 Paularino Ave Suite E (previously Suites 5-7) is optimally located with close access to Hwy 405, 55 and 73 and surrounded by active retail uses which are consistent with Costa Mesa's General Plan for General Commercial areas to "have exposure and access to major transportation routes". The project site is walking distance to public transit at the Bristol-Paularino bus stop that provides frequent bus service through the Orange County Transportation Authority. The applicant's renovation proposal includes a reception area, retail floor, break room, secured storage and managers office. Business operating hours will be 9am to 10pm and we anticipate hiring 25-30 employees that will be provided living wages and be eligible for benefits.

The retail dispensary will be fully compliant with all applicable regulatory requirements and a more detailed operations plan can be found in the attached Business Plan.

The redevelopment will comply with Title 24 and American Disabilities Act requirements and will be conforming to city zoning and development standards.

Justification for Approval

Shryne Paularino LLC is part of a larger organization known as Shryne Group, Inc. which is a vertically integrated cannabis business. We have the backing and experience of strong team members to make STIIIZY a reality within the community of Costa Mesa. The proposed retail location is consistent with the voter approved Measure Q "The city of Costa Mesa Retail Cannabis Tax and Regulation Measure" that passed in Costa Mesa in 2020. As the #1 Cannabis brand in California with a huge customer following, and a prime location near the 405, 73 and 55 FWY, STIIIZY is poised to generate significant tax revenue that previously has gone to other jurisdictions while providing secure, safe, and compliant access to legal cannabis to the community of Costa Mesa.

Applicant:

Shryne Paularino LLÇ dba "STIIIZY Paularino"

Name: James Kim Title: Owner

STIIIZY PAULARINO

Shryne Group Inc. is a Los Angeles-based cannabis holding company with a vertically integrated asset and license portfolio covering the breadth of California. We have 25 open retail locations across California with more locations under construction and plans for 40+ locations open by the end of 2022. We have Cultivation, Manufacturing, and Distribution facilities in Humboldt County, Los Angeles, Oakland, and Lompoc. Shryne is composed of 2,500 employees across business lines. While rooted in Southern California, we also sell products in Arizona, Nevada and Michigan.

Our flagship brand STIIIZY has a passionate following and is inspired by authentic cannabis culture, with the goal of providing the highest quality cannabis products at affordable prices. The STIIIZY product line is the, the #1 overall cannabis brand in California, and the #3 selling cannabis brand overall nationally.



SHRYNE GROUP, INC. | 728 E. COMMERCIAL STREET | LOS ANGELES, CALIFORNIA 90012 A CALIFORNIA COMPANY

STIIIZY PAULARINO

James Kim, CEO/Founder



At the heart of Shryne and STIIIZY is disabled army veteran James Kim, who discovered the benefits of cannabis 10 years ago after serving a 13-month tour in Iraq with the 101st Airborne Division. Having witnessed fellow veterans becoming addicted to alcohol and opioids while battling PTSD from their deployment, James was determined to overcome his PTSD without becoming addicted to drugs or alcohol and to introduce others suffering from physical or mental trauma to the healing effects of marijuana. James devoted 6 months of his life to researching the benefits of cannabis after his tour ended and cannabis helped him safely overcome his PTSD.

James went on to found STIIIZY – a cannabis vape pen, Liiit – flower and prerolls, Biiit – cannabis-infused gummies, and other cannabis brands in 2016. Since then, these brands have developed an avid following in California and are sold in 90% of cannabis retail stores across the state. At Shryne, James

continues to build brand recognition and a loyal customer base with loyal fans lining up at our dispensary grand openings. No other cannabis retail store has its own product line which comes close to driving product loyalists to their retail stores quite like ours. James has also managed numerous dispensaries including Ironworks Collective, 1212 Broadway Medical Center Inc., and 10 Spot Collective in Santa Ana and learned every aspect of the cannabis retail business. James's unique knowledge of retail operations and product development puts him in a prime situation to understand how to maximize sales through curating products geared towards each store and its community.

At STIIIZY Paularino, James will oversee and be responsible for implementing every aspect of the business from curating in-house products and third-party products, supervising the implementation of Standard Operating Procedures, staffing levels, and more. James is frequently featured on Forbes, Hollywood Reporter, and Green Market Report as an expert in cannabis retail branding and for his work with the veteran community.

Unionized: First-of its-kind Global Agreement with the UFCW

As the largest cannabis employer in the state of California, Shryne Group Inc., and the United Food and Commercial Workers International Union (UFCW) have entered into an historic collective bargaining agreement (CBA) for more than 1,200 cannabis retail workers at Shryne Group's STIIIZY, Authentic and Flight retail locations, creating a first of its kind global agreement to benefit retail workers immediately throughout California.

"UFCW is committed to establishing and maintaining high standards for cannabis workers," said Joe Duffle, President of UFCW Local 1167. "This agreement is historic for the number of workers it covers at one of the most well-known companies in the industry, and it has the potential to be a model contract for all employers who put the respect and dignity of workers as a top priority. Together, we can continue to raise standards for everyone in this rapidly developing industry."

SHRYNE GROUP, INC. | 728 E. COMMERCIAL STREET | LOS ANGELES, CALIFORNIA 90012 A CALIFORNIA COMPANY

STIIIZY PAULARINO

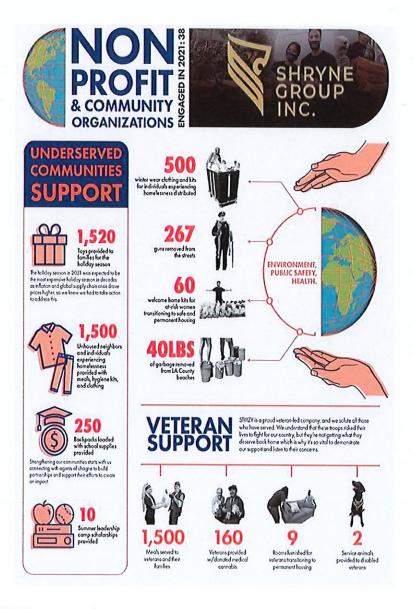
"We applaud the Shryne Group for its commitment to its workers and our communities by having a universal CBA in place," said Mark Ramos, President of UFCW Local 1428. "Their commitment to retail workers' rights and putting employees' health and safety first set an encouraging example for the rest of the emerging cannabis industry."



Community Engagement

Community Matters to the Shryne Group. It's what brought us here and helped build our brand. Because of this, giving back is just as important as growth. It's who we are. Shryne Group continues to be one of the most engaged cannabis companies in the industry.

From Hosting food drives to making targeted cash donation, here is a glimpse of our commitment to our communities.



SHRYNE GROUP, INC. | 728 E. COMMERCIAL STREET | LOS ANGELES, CALIFORNIA 90012 A CALIFORNIA COMPANY



November 3, 2022

To: Costa Mesa Mayor and City Council

77 Fair Drive

Costa Mesa, CA 92626

Dear Mayor Stephens and Costa Mesa City Council Members:

As the owner of Angotei restaurant, I would like to express my support for the Shryne Group and their business application to operate a legal retail cannabis store at 675 Paularino Ave in Costa Mesa.

As a neighboring business to the proposed retail location, I believe the project is a great location in the SoBECA District and will bring numerous benefits to our community. It would complement my business by bringing in more foot traffic and enhancing public safety in the area with the addition of 24-hour security guards and cameras. The addition of Shryne Group's retail store would make SoBECA a convenient shopping destination for our local veterans, seniors and residents to get their cannabis along with other goods. I am confident that the Shryne Group's legal and compliant cannabis retail store would replace several vacancies in a shopping plaza and bring quality jobs with full benefits to Costa Mesa, a great addition at a great location.

My team and myself included, support the Shryne Group's application for a cannabis retail store and ask that your strongly consider their application. Please don't hesitate to reach out for anything further.

Sincerely,

Michelle Endo

Michelle

Angotei, H Endo Corp – Owner

H ENDO CORP. 675 Paularino Ave Ste. 5 Costa Mesa, CA 92626 714.557.2696

-38-

I am a local business operator in Costa Mesa and I would like to express my support for the Shryne Group and their application to operate a legal cannabis retail store in the city at: 675 Paularino Avenue, Costa Mesa, CA 92626.

As a neighboring business to the proposed retail location, I believe this project is at a great location in the SoBECA District and will bring numerous benefits to our community. It would complement our business by bringing in more foot traffic and enhancing public safety in the area with the addition of 24-hour security guards and cameras. The addition of Shryne Group's retail store would make SoBECA a convenient shopping destination for our local veterans, seniors, and residents to get their cannabis along with other goods. Shryne Group's legal and compliant cannabis retail store would replace several vacancies in a shopping plaza and bring quality jobs with full benefits to Costa Mesa.

For these reasons, I support the Shryne Group's application for cannabis retail, and ask that you strongly consider their application.

| Sincerely, | |
|------------|-----------------------|
| Signature: | |
| Name: | Simpon Jeekao |
| | Manages/owner. |
| Business:_ | Franquil Thai Massage |
| Date: 1 | |

I am a local business operator in Costa Mesa and I would like to express my support for the Shryne Group and their application to operate a legal cannabis retail store in the city at: 675 Paularino Avenue, Costa Mesa, CA 92626.

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For these reasons, I support the Shryne Group's application for cannabis retail, and ask that you strongly consider their application.

Sincerely,

Signature: Signature:

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For these reasons, I support the Shryne Group's application for cannabis retail, and ask that you strongly consider their application.

| Sincerely, |
|---------------------------|
| Signature: Sur Win |
| Name STERRY GABNON |
| Title: MANAGER |
| Business DWF AND PHOTO UC |
| Date: 9-22-22 |

I am a local business operator in Costa Mesa and I would like to express my support for the Shryne Group and their application to operate a legal cannabis retail store in the city at: 675 Paularino Avenue, Costa Mesa, CA 92626.

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For these reasons, I support the Shryne Group's application for cannabis retail, and ask that you strongly consider their application.

| Sincerely, |
|------------------------|
| |
| Signature: |
| , |
| Name: Kevin Ku |
| Title: Optical Manager |
| Business: Optometry |
| Date: 09/22/22 |

Sincerely,

I am a local business operator in Costa Mesa and I would like to express my support for the Shryne Group and their application to operate a legal cannabis retail store in the city at: 675 Paularino Avenue, Costa Mesa, CA 92626.

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For these reasons, I support the Shryne Group's application for cannabis retail, and ask that you strongly consider their application.

Signature: Vight Jay Samson

Name: Vee Jay Samson

Title: MANAGER

Business: RHaDIUM Smok# SHOP

Date: 9/22/22

I am a local business operator in Costa Mesa and I would like to express my support for the Shryne Group and their application to operate a legal cannabis retail store in the city at: 675 Paularino Avenue, Costa Mesa, CA 92626.

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For these reasons, I support the Shryne Group's application for cannabis retail, and ask that you strongly consider their application.

| Sincerely, |
|------------------------|
| Signature Ja Du |
| |
| Name: Fatima Hernandez |
| Title: AGM |
| Business: Halal Guys |
| Date: 10/27/22 |

I am a local business operator in Costa Mesa and I would like to express my support for the Shryne Group and their application to operate a legal cannabis retail store in the city at: 675 Paularino Avenue, Costa Mesa, CA 92626.

As a neighboring business to the proposed retail location, I believe this project is at a great location in the SoBECA District and will bring numerous benefits to our community. It would complement our business by bringing in more foot traffic and enhancing public safety in the area with the addition of 24-hour security guards and cameras. The addition of Shryne Group's retail store would make SoBECA a convenient shopping destination for our local veterans, seniors, and residents to get their cannabis along with other goods. Shryne Group's legal and compliant cannabis retail store would replace several vacancies in a shopping plaza and bring quality jobs with full benefits to Costa Mesa.

For these reasons, I support the Shryne Group's application for cannabis retail, and ask that you strongly consider their application.

Sincerely,

Signature:

Name: Josh Jone S

Title: Shift leader

Business: Dilstor

Date: 16/11/1/2027

As a Costa Mesa and member of the community, I would like to express my support for the Shryne Group and their business application to operate a cannabis retail establishment in the city at: 675 Paularino Ave, Suite E, Costa Mesa, CA 92626.

I believe the addition of a legal and compliant cannabis retail store will bring numerous benefits to our community. During this COVID-19 pandemic, several local businesses have closed or have been forced to lay off several employees. This store opening will bring numerous job opportunities with medical and vision benefits and living wages to Costa Mesa. It is important that the city support good paying jobs especially during this time. In addition, Shryne's retail store will have security personnel and 24-hour security cameras that will bring an increased level of public safety to our neighborhood.

For these reasons, I support the Shryne Group's application for cannabis retail, and ask that you strongly consider their application.

I am a resident in support of Shryne Group's Retail Store.

Time: 9/22/2022 5:31:17 PM

Name: Brenna Berney

Address: 92626

Date & Time: 9/22/2022 5:30:00 PM

Browser: Mobile Safari 15.6.1 / iOS

IP Address: 174.193.204.87

Unique ID: 1013189467

Location: 34.0447, -118.2946

As a Costa Mesa and member of the community, I would like to express my support for the Shryne Group and their business application to operate a cannabis retail establishment in the city at: 675 Paularino Ave, Suite E, Costa Mesa, CA 92626.

I believe the addition of a legal and compliant cannabis retail store will bring numerous benefits to our community. During this COVID-19 pandemic, several local businesses have closed or have been forced to lay off several employees. This store opening will bring numerous job opportunities with medical and vision benefits and living wages to Costa Mesa. It is important that the city support good paying jobs especially during this time. In addition, Shryne's retail store will have security personnel and 24-hour security cameras that will bring an increased level of public safety to our neighborhood.

For these reasons, I support the Shryne Group's application for cannabis retail, and ask that you strongly consider their application.

I am a resident in support of Shryne Group's Retail Store.

Time: 9/22/2022 6:21:41 PM

Name: Chanel Horn

Address: 92626

Date & Time: 9/22/2022 6:20:00 PM

Browser: Mobile Safari 15.6.1 / iOS

IP Address: 172.56.16.177

Unique ID: 1013201828

Location: 34.0251, -118.1556

As a Costa Mesa and member of the community, I would like to express my support for the Shryne Group and their business application to operate a cannabis retail establishment in the city at: 675 Paularino Ave, Suite E, Costa Mesa, CA 92626.

I believe the addition of a legal and compliant cannabis retail store will bring numerous benefits to our community. During this COVID-19 pandemic, several local businesses have closed or have been forced to lay off several employees. This store opening will bring numerous job opportunities with medical and vision benefits and living wages to Costa Mesa. It is important that the city support good paying jobs especially during this time. In addition, Shryne's retail store will have security personnel and 24-hour security cameras that will bring an increased level of public safety to our neighborhood.

For these reasons, I support the Shryne Group's application for cannabis retail, and ask that you strongly consider their application.

I am a resident in support of Shryne Group's Retail Store.

Time: 11/2/2022 4:11:12 PM

Name: Samantha Polley

Address: 92626

Date & Time: 11/2/2022 4:10:00 PM

Browser: Chrome 107.0.0.0 / OS X

IP Address: 75.63.25.61

Unique ID: 1029067923

Location: 33.7256, -117.9119

As a Costa Mesa and member of the community, I would like to express my support for the Shryne Group and their business application to operate a cannabis retail establishment in the city at: 675 Paularino Ave, Suite E, Costa Mesa, CA 92626.

I believe the addition of a legal and compliant cannabis retail store will bring numerous benefits to our community. During this COVID-19 pandemic, several local businesses have closed or have been forced to lay off several employees. This store opening will bring numerous job opportunities with medical and vision benefits and living wages to Costa Mesa. It is important that the city support good paying jobs especially during this time. In addition, Shryne's retail store will have security personnel and 24-hour security cameras that will bring an increased level of public safety to our neighborhood.

For these reasons, I support the Shryne Group's application for cannabis retail, and ask that you strongly consider their application.

I am a resident in support of Shryne Group's Retail Store.

Time: 9/22/2022 7:24:35 PM

Name: Micah Hughes

Address: 92626

Date & Time: 9/22/2022 6:43:00 PM

Browser: Mobile Safari 15.6.1 / iOS

IP Address: 172.56.17.101

Unique ID: 1013217826

Location: 34.0251, -118.1556

As a Costa Mesa and member of the community, I would like to express my support for the Shryne Group and their business application to operate a cannabis retail establishment in the city at: 675 Paularino Ave, Suite E, Costa Mesa, CA 92626.

I believe the addition of a legal and compliant cannabis retail store will bring numerous benefits to our community. During this COVID-19 pandemic, several local businesses have closed or have been forced to lay off several employees. This store opening will bring numerous job opportunities with medical and vision benefits and living wages to Costa Mesa. It is important that the city support good paying jobs especially during this time. In addition, Shryne's retail store will have security personnel and 24-hour security cameras that will bring an increased level of public safety to our neighborhood.

For these reasons, I support the Shryne Group's application for cannabis retail, and ask that you strongly consider their application.

I am a resident in support of Shryne Group's Retail Store.

Time: 9/26/2022 9:00:37 AM

Name: Jerad Flickner

Address: 92626

Date & Time: 9/26/2022 8:59:00 AM

Browser: Chrome Mobile 105.0.5195.147 / iOS

IP Address: 172.117.158.68

Unique ID: 1014330928

Location: 33.6748, -117.9089

As a Costa Mesa and member of the community, I would like to express my support for the Shryne Group and their business application to operate a cannabis retail establishment in the city at: 675 Paularino Ave, Suite E, Costa Mesa, CA 92626.

I believe the addition of a legal and compliant cannabis retail store will bring numerous benefits to our community. During this COVID-19 pandemic, several local businesses have closed or have been forced to lay off several employees. This store opening will bring numerous job opportunities with medical and vision benefits and living wages to Costa Mesa. It is important that the city support good paying jobs especially during this time. In addition, Shryne's retail store will have security personnel and 24-hour security cameras that will bring an increased level of public safety to our neighborhood.

For these reasons, I support the Shryne Group's application for cannabis retail, and ask that you strongly consider their application.

I am a resident in support of Shryne Group's Retail Store.

Time: 9/26/2022 9:04:13 AM

Name: Katrena Han

Address: 92626

Date & Time: 9/26/2022 9:03:00 AM

Browser: Mobile Safari 16.0 / iOS

IP Address: 107.184.162.59

Unique ID: 1014332831

Location: 33.6748, -117.9089

As a Costa Mesa and member of the community, I would like to express my support for the Shryne Group and their business application to operate a cannabis retail establishment in the city at: 675 Paularino Ave, Suite E, Costa Mesa, CA 92626.

I believe the addition of a legal and compliant cannabis retail store will bring numerous benefits to our community. During this COVID-19 pandemic, several local businesses have closed or have been forced to lay off several employees. This store opening will bring numerous job opportunities with medical and vision benefits and living wages to Costa Mesa. It is important that the city support good paying jobs especially during this time. In addition, Shryne's retail store will have security personnel and 24-hour security cameras that will bring an increased level of public safety to our neighborhood.

For these reasons, I support the Shryne Group's application for cannabis retail, and ask that you strongly consider their application.

I am a resident in support of Shryne Group's Retail Store.

Time: 9/26/2022 9:23:31 AM

Name: Cameron Shaner

Address: 92626

Date & Time: 9/26/2022 9:22:00 AM

Browser: Mobile Safari 15.6 / iOS

IP Address: 172.117.158.68

Unique ID: 1014343549

Location: 33.6748, -117.9089

As a Costa Mesa and member of the community, I would like to express my support for the Shryne Group and their business application to operate a cannabis retail establishment in the city at: 675 Paularino Ave, Suite E, Costa Mesa, CA 92626.

I believe the addition of a legal and compliant cannabis retail store will bring numerous benefits to our community. During this COVID-19 pandemic, several local businesses have closed or have been forced to lay off several employees. This store opening will bring numerous job opportunities with medical and vision benefits and living wages to Costa Mesa. It is important that the city support good paying jobs especially during this time. In addition, Shryne's retail store will have security personnel and 24-hour security cameras that will bring an increased level of public safety to our neighborhood.

For these reasons, I support the Shryne Group's application for cannabis retail, and ask that you strongly consider their application.

I am a resident in support of Shryne Group's Retail Store.

Time: 9/29/2022 4:56:18 PM

Name: Carlos Valdez

Address: 92627

Date & Time: 9/29/2022 4:55:00 PM

Browser: Mobile Safari 15.6 / iOS

IP Address: 172.58.23.110

Unique ID: 1016048117

Location: 33.9889, -118.153

As a Costa Mesa and member of the community, I would like to express my support for the Shryne Group and their business application to operate a cannabis retail establishment in the city at: 675 Paularino Ave, Suite E, Costa Mesa, CA 92626.

I believe the addition of a legal and compliant cannabis retail store will bring numerous benefits to our community. During this COVID-19 pandemic, several local businesses have closed or have been forced to lay off several employees. This store opening will bring numerous job opportunities with medical and vision benefits and living wages to Costa Mesa. It is important that the city support good paying jobs especially during this time. In addition, Shryne's retail store will have security personnel and 24-hour security cameras that will bring an increased level of public safety to our neighborhood.

For these reasons, I support the Shryne Group's application for cannabis retail, and ask that you strongly consider their application.

I am a resident in support of Shryne Group's Retail Store.

Time: 9/29/2022 5:16:53 PM

Name: Halie Crom

Address: 92626

Date & Time: 9/29/2022 5:15:00 PM

Browser: Chrome Mobile 105.0.0.0 / Android

IP Address: 174.193.203.82

Unique ID: 1016052942

Location: 34.0447, -118.2946

As a Costa Mesa and member of the community, I would like to express my support for the Shryne Group and their business application to operate a cannabis retail establishment in the city at: 675 Paularino Ave, Suite E, Costa Mesa, CA 92626.

I believe the addition of a legal and compliant cannabis retail store will bring numerous benefits to our community. During this COVID-19 pandemic, several local businesses have closed or have been forced to lay off several employees. This store opening will bring numerous job opportunities with medical and vision benefits and living wages to Costa Mesa. It is important that the city support good paying jobs especially during this time. In addition, Shryne's retail store will have security personnel and 24-hour security cameras that will bring an increased level of public safety to our neighborhood.

For these reasons, I support the Shryne Group's application for cannabis retail, and ask that you strongly consider their application.

I am a resident in support of Shryne Group's Retail Store.

Time: 9/29/2022 5:46:57 PM

Name: Matthew Jukka

Address: 92626

Date & Time: 9/29/2022 5:45:00 PM

Browser: Chrome Mobile 105.0.0.0 / Android

IP Address: 166.196.75.97

Unique ID: 1016059878

Location: 33.6816, -117.8302

As a Costa Mesa and member of the community, I would like to express my support for the Shryne Group and their business application to operate a cannabis retail establishment in the city at: 675 Paularino Ave, Suite E, Costa Mesa, CA 92626.

I believe the addition of a legal and compliant cannabis retail store will bring numerous benefits to our community. During this COVID-19 pandemic, several local businesses have closed or have been forced to lay off several employees. This store opening will bring numerous job opportunities with medical and vision benefits and living wages to Costa Mesa. It is important that the city support good paying jobs especially during this time. In addition, Shryne's retail store will have security personnel and 24-hour security cameras that will bring an increased level of public safety to our neighborhood.

For these reasons, I support the Shryne Group's application for cannabis retail, and ask that you strongly consider their application.

I am a resident in support of Shryne Group's Retail Store.

Time: 9/29/2022 6:10:27 PM

Name: Tomo Takasaki

Address: 92626

Date & Time: 9/29/2022 5:14:00 PM

Browser: Mobile Safari 15.6.1 / iOS

IP Address: 174.243.243.229

Unique ID: 1016065734

Location: 33.9388, -117.416

As a Costa Mesa and member of the community, I would like to express my support for the Shryne Group and their business application to operate a cannabis retail establishment in the city at: 675 Paularino Ave, Suite E, Costa Mesa, CA 92626.

I believe the addition of a legal and compliant cannabis retail store will bring numerous benefits to our community. During this COVID-19 pandemic, several local businesses have closed or have been forced to lay off several employees. This store opening will bring numerous job opportunities with medical and vision benefits and living wages to Costa Mesa. It is important that the city support good paying jobs especially during this time. In addition, Shryne's retail store will have security personnel and 24-hour security cameras that will bring an increased level of public safety to our neighborhood.

For these reasons, I support the Shryne Group's application for cannabis retail, and ask that you strongly consider their application.

I am a resident in support of Shryne Group's Retail Store.

Time: 9/29/2022 6:12:50 PM

Name: Bethany Schierloh

Address: 92626

Date & Time: 9/29/2022 6:11:00 PM

Browser: Chrome Mobile 105.0.5195.147 / iOS

IP Address: 172.58.20.89

Unique ID: 1016066277

Location: 33.8405, -117.9526

As a Costa Mesa and member of the community, I would like to express my support for the Shryne Group and their business application to operate a cannabis retail establishment in the city at: 675 Paularino Ave, Suite E, Costa Mesa, CA 92626.

I believe the addition of a legal and compliant cannabis retail store will bring numerous benefits to our community. During this COVID-19 pandemic, several local businesses have closed or have been forced to lay off several employees. This store opening will bring numerous job opportunities with medical and vision benefits and living wages to Costa Mesa. It is important that the city support good paying jobs especially during this time. In addition, Shryne's retail store will have security personnel and 24-hour security cameras that will bring an increased level of public safety to our neighborhood.

For these reasons, I support the Shryne Group's application for cannabis retail, and ask that you strongly consider their application.

I am a resident in support of Shryne Group's Retail Store.

Time: 9/29/2022 6:17:29 PM

Name: Edward Radtke

Address: 92626

Date & Time: 9/29/2022 6:11:00 PM

Browser: Mobile Safari 15.5 / iOS

IP Address: 172.58.23.117

Unique ID: 1016067345

Location: 33.9889, -118.153

As a Costa Mesa and member of the community, I would like to express my support for the Shryne Group and their business application to operate a cannabis retail establishment in the city at: 675 Paularino Ave, Suite E, Costa Mesa, CA 92626.

I believe the addition of a legal and compliant cannabis retail store will bring numerous benefits to our community. During this COVID-19 pandemic, several local businesses have closed or have been forced to lay off several employees. This store opening will bring numerous job opportunities with medical and vision benefits and living wages to Costa Mesa. It is important that the city support good paying jobs especially during this time. In addition, Shryne's retail store will have security personnel and 24-hour security cameras that will bring an increased level of public safety to our neighborhood.

For these reasons, I support the Shryne Group's application for cannabis retail, and ask that you strongly consider their application.

I am a resident in support of Shryne Group's Retail Store.

Time: 9/29/2022 6:35:45 PM

Name: Chanel Alkali

Address: 92626

Date & Time: 9/29/2022 6:35:00 PM

Browser: Mobile Safari 15.4 / iOS

IP Address: 174.195.141.40

Unique ID: 1016071193

Location: 33.9243, -117.6105

As a Costa Mesa and member of the community, I would like to express my support for the Shryne Group and their business application to operate a cannabis retail establishment in the city at: 675 Paularino Ave, Suite E, Costa Mesa, CA 92626.

I believe the addition of a legal and compliant cannabis retail store will bring numerous benefits to our community. During this COVID-19 pandemic, several local businesses have closed or have been forced to lay off several employees. This store opening will bring numerous job opportunities with medical and vision benefits and living wages to Costa Mesa. It is important that the city support good paying jobs especially during this time. In addition, Shryne's retail store will have security personnel and 24-hour security cameras that will bring an increased level of public safety to our neighborhood.

For these reasons, I support the Shryne Group's application for cannabis retail, and ask that you strongly consider their application.

I am a resident in support of Shryne Group's Retail Store.

Time: 9/30/2022 8:07:13 AM

Name: Jerry Wilson

Address: 92626

Date & Time: 9/30/2022 8:06:00 AM

Browser: Chrome Mobile 105.0.5195.147 / iOS

IP Address: 104.34.12.107

Unique ID: 1016239192

Location: 33.6404, -117.9226

As a Costa Mesa and member of the community, I would like to express my support for the Shryne Group and their business application to operate a cannabis retail establishment in the city at: 675 Paularino Ave, Suite E, Costa Mesa, CA 92626.

I believe the addition of a legal and compliant cannabis retail store will bring numerous benefits to our community. During this COVID-19 pandemic, several local businesses have closed or have been forced to lay off several employees. This store opening will bring numerous job opportunities with medical and vision benefits and living wages to Costa Mesa. It is important that the city support good paying jobs especially during this time. In addition, Shryne's retail store will have security personnel and 24-hour security cameras that will bring an increased level of public safety to our neighborhood.

For these reasons, I support the Shryne Group's application for cannabis retail, and ask that you strongly consider their application.

I am a resident in support of Shryne Group's Retail Store.

Time: 10/20/2022 5:16:09 PM

Name: Jacqueline Russo

Address: 92626

Date & Time: 10/20/2022 5:13:00 PM

Browser: Mobile Safari 15.6.1 / iOS

IP Address: 172.56.232.73

Unique ID: 1024223713

Location: 34.0526, -118.2122

As a Costa Mesa and member of the community, I would like to express my support for the Shryne Group and their business application to operate a cannabis retail establishment in the city at: 675 Paularino Ave, Suite E, Costa Mesa, CA 92626.

I believe the addition of a legal and compliant cannabis retail store will bring numerous benefits to our community. During this COVID-19 pandemic, several local businesses have closed or have been forced to lay off several employees. This store opening will bring numerous job opportunities with medical and vision benefits and living wages to Costa Mesa. It is important that the city support good paying jobs especially during this time. In addition, Shryne's retail store will have security personnel and 24-hour security cameras that will bring an increased level of public safety to our neighborhood.

For these reasons, I support the Shryne Group's application for cannabis retail, and ask that you strongly consider their application.

I am a resident in support of Shryne Group's Retail Store.

Time: 10/20/2022 5:57:30 PM

Name: Joe Charboneau

Address: 92626

Date & Time: 10/20/2022 5:56:00 PM

Browser: Mobile Safari 16.0 / iOS

IP Address: 174.195.128.240

Unique ID: 1024234056

Location: 33.8789, -117.5353

As a Costa Mesa and member of the community, I would like to express my support for the Shryne Group and their business application to operate a cannabis retail establishment in the city at: 675 Paularino Ave, Suite E, Costa Mesa, CA 92626.

I believe the addition of a legal and compliant cannabis retail store will bring numerous benefits to our community. During this COVID-19 pandemic, several local businesses have closed or have been forced to lay off several employees. This store opening will bring numerous job opportunities with medical and vision benefits and living wages to Costa Mesa. It is important that the city support good paying jobs especially during this time. In addition, Shryne's retail store will have security personnel and 24-hour security cameras that will bring an increased level of public safety to our neighborhood.

For these reasons, I support the Shryne Group's application for cannabis retail, and ask that you strongly consider their application.

I am a resident in support of Shryne Group's Retail Store.

Time: 10/20/2022 6:06:22 PM

Name: Melvin Marroquin

Address: 92627

Date & Time: 10/20/2022 6:03:00 PM

Browser: Chrome Mobile 106.0.0.0 / Android

IP Address: 107.127.56.122

Unique ID: 1024236264

Location: 34.0544, -118.244

As a Costa Mesa and member of the community, I would like to express my support for the Shryne Group and their business application to operate a cannabis retail establishment in the city at: 675 Paularino Ave, Suite E, Costa Mesa, CA 92626.

I believe the addition of a legal and compliant cannabis retail store will bring numerous benefits to our community. During this COVID-19 pandemic, several local businesses have closed or have been forced to lay off several employees. This store opening will bring numerous job opportunities with medical and vision benefits and living wages to Costa Mesa. It is important that the city support good paying jobs especially during this time. In addition, Shryne's retail store will have security personnel and 24-hour security cameras that will bring an increased level of public safety to our neighborhood.

For these reasons, I support the Shryne Group's application for cannabis retail, and ask that you strongly consider their application.

I am a resident in support of Shryne Group's Retail Store.

Time: 10/20/2022 6:22:03 PM

Name: Tanya Morris

Address: 92626

Date & Time: 10/20/2022 5:56:00 PM

Browser: Mobile Safari 16.0 / iOS

IP Address: 172.58.20.120

Unique ID: 1024239980

Location: 33.9555, -118.2863

As a Costa Mesa and member of the community, I would like to express my support for the Shryne Group and their business application to operate a cannabis retail establishment in the city at: 675 Paularino Ave, Suite E, Costa Mesa, CA 92626.

I believe the addition of a legal and compliant cannabis retail store will bring numerous benefits to our community. During this COVID-19 pandemic, several local businesses have closed or have been forced to lay off several employees. This store opening will bring numerous job opportunities with medical and vision benefits and living wages to Costa Mesa. It is important that the city support good paying jobs especially during this time. In addition, Shryne's retail store will have security personnel and 24-hour security cameras that will bring an increased level of public safety to our neighborhood.

For these reasons, I support the Shryne Group's application for cannabis retail, and ask that you strongly consider their application.

I am a resident in support of Shryne Group's Retail Store.

Time: 10/27/2022 4:32:12 PM

Name: Irene F

Address: 92626

Date & Time: 10/27/2022 4:30:00 PM

Browser: Mobile Safari 15.5 / iOS

IP Address: 70.95.246.176

Unique ID: 1026795091

Location: 33.6748, -117.9089

As a Costa Mesa and member of the community, I would like to express my support for the Shryne Group and their business application to operate a cannabis retail establishment in the city at: 675 Paularino Ave, Suite E, Costa Mesa, CA 92626.

I believe the addition of a legal and compliant cannabis retail store will bring numerous benefits to our community. During this COVID-19 pandemic, several local businesses have closed or have been forced to lay off several employees. This store opening will bring numerous job opportunities with medical and vision benefits and living wages to Costa Mesa. It is important that the city support good paying jobs especially during this time. In addition, Shryne's retail store will have security personnel and 24-hour security cameras that will bring an increased level of public safety to our neighborhood.

For these reasons, I support the Shryne Group's application for cannabis retail, and ask that you strongly consider their application.

I am a resident in support of Shryne Group's Retail Store.

Time: 10/27/2022 5:59:20 PM

Name: Victor Ramos

Address: 92626

Date & Time: 10/27/2022 5:56:00 PM

Browser: Mobile Safari 15.6.1 / iOS

IP Address: 174.193.195.221

Unique ID: 1026821061

Location: 34.0447, -118.2946

As a Costa Mesa and member of the community, I would like to express my support for the Shryne Group and their business application to operate a cannabis retail establishment in the city at: 675 Paularino Ave, Suite E, Costa Mesa, CA 92626.

I believe the addition of a legal and compliant cannabis retail store will bring numerous benefits to our community. During this COVID-19 pandemic, several local businesses have closed or have been forced to lay off several employees. This store opening will bring numerous job opportunities with medical and vision benefits and living wages to Costa Mesa. It is important that the city support good paying jobs especially during this time. In addition, Shryne's retail store will have security personnel and 24-hour security cameras that will bring an increased level of public safety to our neighborhood.

For these reasons, I support the Shryne Group's application for cannabis retail, and ask that you strongly consider their application.

I am a resident in support of Shryne Group's Retail Store.

Time: 10/27/2022 6:24:51 PM

Name: Cody Taha

Address: 92626

Date & Time: 10/27/2022 6:24:00 PM

Browser: Mobile Safari 16.0 / iOS

IP Address: 172.56.185.123

Unique ID: 1026828005

Location: 33.762, -117.9325

As a Costa Mesa and member of the community, I would like to express my support for the Shryne Group and their business application to operate a cannabis retail establishment in the city at: 675 Paularino Ave, Suite E, Costa Mesa, CA 92626.

I believe the addition of a legal and compliant cannabis retail store will bring numerous benefits to our community. During this COVID-19 pandemic, several local businesses have closed or have been forced to lay off several employees. This store opening will bring numerous job opportunities with medical and vision benefits and living wages to Costa Mesa. It is important that the city support good paying jobs especially during this time. In addition, Shryne's retail store will have security personnel and 24-hour security cameras that will bring an increased level of public safety to our neighborhood.

For these reasons, I support the Shryne Group's application for cannabis retail, and ask that you strongly consider their application.

I am a resident in support of Shryne Group's Retail Store.

Time: 10/27/2022 6:26:48 PM

Name: Hannah Upshaw

Address: 92627

Date & Time: 10/27/2022 6:26:00 PM

Browser: Mobile Safari 16.0 / iOS

IP Address: 174.243.215.1

Unique ID: 1026828583

Location: 34.0085, -117.8136

As a Costa Mesa and member of the community, I would like to express my support for the Shryne Group and their business application to operate a cannabis retail establishment in the city at: 675 Paularino Ave, Suite E, Costa Mesa, CA 92626.

I believe the addition of a legal and compliant cannabis retail store will bring numerous benefits to our community. During this COVID-19 pandemic, several local businesses have closed or have been forced to lay off several employees. This store opening will bring numerous job opportunities with medical and vision benefits and living wages to Costa Mesa. It is important that the city support good paying jobs especially during this time. In addition, Shryne's retail store will have security personnel and 24-hour security cameras that will bring an increased level of public safety to our neighborhood.

For these reasons, I support the Shryne Group's application for cannabis retail, and ask that you strongly consider their application.

I am a resident in support of Shryne Group's Retail Store.

Time: 10/27/2022 6:41:03 PM

Name: Josh Jones

Address: 92626

Date & Time: 10/27/2022 6:39:00 PM

Browser: Chrome Mobile 106.0.5249.92 / iOS

IP Address: 172.58.21.211

Unique ID: 1026832378

Location: 33.9555, -118.2863

As a Costa Mesa and member of the community, I would like to express my support for the Shryne Group and their business application to operate a cannabis retail establishment in the city at: 675 Paularino Ave, Suite E, Costa Mesa, CA 92626.

I believe the addition of a legal and compliant cannabis retail store will bring numerous benefits to our community. During this COVID-19 pandemic, several local businesses have closed or have been forced to lay off several employees. This store opening will bring numerous job opportunities with medical and vision benefits and living wages to Costa Mesa. It is important that the city support good paying jobs especially during this time. In addition, Shryne's retail store will have security personnel and 24-hour security cameras that will bring an increased level of public safety to our neighborhood.

For these reasons, I support the Shryne Group's application for cannabis retail, and ask that you strongly consider their application.

I am a resident in support of Shryne Group's Retail Store.

Time: 10/27/2022 6:46:29 PM

Name: Mohamed Abedrabo

Address: 92626

Date & Time: 10/27/2022 6:44:00 PM

Browser: Mobile Safari 16.0 / iOS

IP Address: 174.243.215.1

Unique ID: 1026833795

Location: 32.9164, -117.1393

As a Costa Mesa and member of the community, I would like to express my support for the Shryne Group and their business application to operate a cannabis retail establishment in the city at: 675 Paularino Ave, Suite E, Costa Mesa, CA 92626.

I believe the addition of a legal and compliant cannabis retail store will bring numerous benefits to our community. During this COVID-19 pandemic, several local businesses have closed or have been forced to lay off several employees. This store opening will bring numerous job opportunities with medical and vision benefits and living wages to Costa Mesa. It is important that the city support good paying jobs especially during this time. In addition, Shryne's retail store will have security personnel and 24-hour security cameras that will bring an increased level of public safety to our neighborhood.

For these reasons, I support the Shryne Group's application for cannabis retail, and ask that you strongly consider their application.

I am a resident in support of Shryne Group's Retail Store.

Time: 11/2/2022 4:21:15 PM

Name: Nolan Polley

Address: 92626

Date & Time: 11/2/2022 4:13:00 PM

Browser: Chrome 107.0.0.0 / OS X

IP Address: 75.63.25.61

Unique ID: 1029071138

Location: 33.7256, -117.9119

As a Costa Mesa and member of the community, I would like to express my support for the Shryne Group and their business application to operate a cannabis retail establishment in the city at: 675 Paularino Ave, Suite E, Costa Mesa, CA 92626.

I believe the addition of a legal and compliant cannabis retail store will bring numerous benefits to our community. During this COVID-19 pandemic, several local businesses have closed or have been forced to lay off several employees. This store opening will bring numerous job opportunities with medical and vision benefits and living wages to Costa Mesa. It is important that the city support good paying jobs especially during this time. In addition, Shryne's retail store will have security personnel and 24-hour security cameras that will bring an increased level of public safety to our neighborhood.

For these reasons, I support the Shryne Group's application for cannabis retail, and ask that you strongly consider their application.

I am a resident in support of Shryne Group's Retail Store.

Time: 10/27/2022 7:44:20 PM

Name: Josh Jones

Address: 92626

Date & Time: 10/27/2022 6:39:00 PM

Browser: Chrome Mobile 106.0.5249.92 / iOS

IP Address: 47.154.10.66

Unique ID: 1026847384

Location: 33.7518, -117.9932

As a Costa Mesa and member of the community, I would like to express my support for the Shryne Group and their business application to operate a cannabis retail establishment in the city at: 675 Paularino Ave, Suite E, Costa Mesa, CA 92626.

I believe the addition of a legal and compliant cannabis retail store will bring numerous benefits to our community. During this COVID-19 pandemic, several local businesses have closed or have been forced to lay off several employees. This store opening will bring numerous job opportunities with medical and vision benefits and living wages to Costa Mesa. It is important that the city support good paying jobs especially during this time. In addition, Shryne's retail store will have security personnel and 24-hour security cameras that will bring an increased level of public safety to our neighborhood.

For these reasons, I support the Shryne Group's application for cannabis retail, and ask that you strongly consider their application.

I am a local business owner in support of Shryne Group's Retail Store.

Time: 10/27/2022 5:23:59 PM

Name: Mike Huang

Address: 92626

Date & Time: 10/27/2022 5:16:00 PM

Browser: Mobile Safari 15.6.1 / iOS

IP Address: 174.193.195.221

Unique ID: 1026810316

Location: 34.0447, -118.2946

As an employee of a business within Costa Mesa, I would like to express my support for the Shryne Group and their business application to operate a cannabis retail establishment in the city at: 675 Paularino Ave, Suite E, Costa Mesa, CA 92626.

I believe the addition of a legal and compliant cannabis retail store will bring numerous benefits to our community. During this COVID-19 pandemic, several local businesses have closed or have been forced to lay off several employees. This store opening will bring numerous job opportunities with medical and vision benefits and living wages to Costa Mesa. It is important that the city support good paying jobs especially during this time. In addition, Shryne's retail store will have security personnel and 24-hour security cameras that will bring an increased level of public safety to our neighborhood.

For these reasons, I support the Shryne Group's application for cannabis retail, and ask that you strongly consider their application.

I am employed in the city and support Shryne Group's Retail Store.

Time: 9/22/2022 4:00:45 PM

Name: Kevin Ku

Address: 92626

Date & Time: 9/22/2022 3:59:00 PM

Browser: Mobile Safari 15.6.1 / iOS

IP Address: 172.56.16.237

Unique ID: 1013164695

Location: 34.0251, -118.1556

As an employee of a business within Costa Mesa, I would like to express my support for the Shryne Group and their business application to operate a cannabis retail establishment in the city at: 675 Paularino Ave, Suite E, Costa Mesa, CA 92626.

I believe the addition of a legal and compliant cannabis retail store will bring numerous benefits to our community. During this COVID-19 pandemic, several local businesses have closed or have been forced to lay off several employees. This store opening will bring numerous job opportunities with medical and vision benefits and living wages to Costa Mesa. It is important that the city support good paying jobs especially during this time. In addition, Shryne's retail store will have security personnel and 24-hour security cameras that will bring an increased level of public safety to our neighborhood.

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I am employed in the city and support Shryne Group's Retail Store.

Time: 9/22/2022 6:27:04 PM

Name: Brett Savage

Address: 92626

Date & Time: 9/22/2022 6:23:00 PM

Browser: Mobile Safari 15.6.1 / iOS

IP Address: 172.56.16.22

Unique ID: 1013203242

Location: 34.0251, -118.1556

As an employee of a business within Costa Mesa, I would like to express my support for the Shryne Group and their business application to operate a cannabis retail establishment in the city at: 675 Paularino Ave, Suite E, Costa Mesa, CA 92626.

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I am employed in the city and support Shryne Group's Retail Store.

Time: 9/22/2022 6:44:33 PM

Name: Royce Starks

Address: 92612

Date & Time: 9/22/2022 6:42:00 PM

Browser: Mobile Safari 15.6.1 / iOS

IP Address: 174.195.198.102

Unique ID: 1013207598

Location: 34.0121, -117.6883

As an employee of a business within Costa Mesa, I would like to express my support for the Shryne Group and their business application to operate a cannabis retail establishment in the city at: 675 Paularino Ave, Suite E, Costa Mesa, CA 92626.

I believe the addition of a legal and compliant cannabis retail store will bring numerous benefits to our community. During this COVID-19 pandemic, several local businesses have closed or have been forced to lay off several employees. This store opening will bring numerous job opportunities with medical and vision benefits and living wages to Costa Mesa. It is important that the city support good paying jobs especially during this time. In addition, Shryne's retail store will have security personnel and 24-hour security cameras that will bring an increased level of public safety to our neighborhood.

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I am employed in the city and support Shryne Group's Retail Store.

Time: 9/29/2022 6:09:59 PM

Name: Becky Ramos

Address: 90804

Date & Time: 9/29/2022 6:07:00 PM

Browser: Mobile Safari 16.0 / iOS

IP Address: 107.77.231.156

Unique ID: 1016065616

Location: 34.0767, -118.1802

As an employee of a business within Costa Mesa, I would like to express my support for the Shryne Group and their business application to operate a cannabis retail establishment in the city at: 675 Paularino Ave, Suite E, Costa Mesa, CA 92626.

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I am employed in the city and support Shryne Group's Retail Store.

Time: 10/20/2022 4:58:52 PM

Name: Richard Trantham

Address: 92708

Date & Time: 10/20/2022 4:57:00 PM

Browser: Mobile Safari 15.6.1 / iOS

IP Address: 172.56.232.157

Unique ID: 1024218781

Location: 39.7932, -86.2132

As an employee of a business within Costa Mesa, I would like to express my support for the Shryne Group and their business application to operate a cannabis retail establishment in the city at: 675 Paularino Ave, Suite E, Costa Mesa, CA 92626.

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I am employed in the city and support Shryne Group's Retail Store.

Time: 10/20/2022 5:21:15 PM

Name: Jordan Cuellar

Address: 92626

Date & Time: 10/20/2022 5:21:00 PM

Browser: Chrome Mobile 106.0.5249.92 / iOS

IP Address: 172.58.31.216

Unique ID: 1024224966

Location: 34.1211, -117.4362

As an employee of a business within Costa Mesa, I would like to express my support for the Shryne Group and their business application to operate a cannabis retail establishment in the city at: 675 Paularino Ave, Suite E, Costa Mesa, CA 92626.

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I am employed in the city and support Shryne Group's Retail Store.

Time: 10/27/2022 5:16:25 PM

Name: Galvan David

Address: 92626

Date & Time: 10/27/2022 3:53:00 PM

Browser: Mobile Safari 15.6.1 / iOS

IP Address: 174.193.195.221

Unique ID: 1026807736

Location: 34.0447, -118.2946

As an employee of a business within Costa Mesa, I would like to express my support for the Shryne Group and their business application to operate a cannabis retail establishment in the city at: 675 Paularino Ave, Suite E, Costa Mesa, CA 92626.

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I am employed in the city and support Shryne Group's Retail Store.

Time: 10/27/2022 5:52:54 PM

Name: Angel Ruiz

Address: 92626

Date & Time: 10/27/2022 5:50:00 PM

Browser: Mobile Safari 15.6.1 / iOS

IP Address: 172.58.19.1

Unique ID: 1026819198

Location: 33.9555, -118.2863

As an employee of a business within Costa Mesa, I would like to express my support for the Shryne Group and their business application to operate a cannabis retail establishment in the city at: 675 Paularino Ave, Suite E, Costa Mesa, CA 92626.

I believe the addition of a legal and compliant cannabis retail store will bring numerous benefits to our community. During this COVID-19 pandemic, several local businesses have closed or have been forced to lay off several employees. This store opening will bring numerous job opportunities with medical and vision benefits and living wages to Costa Mesa. It is important that the city support good paying jobs especially during this time. In addition, Shryne's retail store will have security personnel and 24-hour security cameras that will bring an increased level of public safety to our neighborhood.

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I am employed in the city and support Shryne Group's Retail Store.

Time: 10/27/2022 5:52:58 PM

Name: Jorge N

Address: 92626

Date & Time: 10/27/2022 5:50:00 PM

Browser: Mobile Safari 15.6.1 / iOS

IP Address: 172.58.31.73

Unique ID: 1026819216

Location: 34.11, -117.2955

As an employee of a business within Costa Mesa, I would like to express my support for the Shryne Group and their business application to operate a cannabis retail establishment in the city at: 675 Paularino Ave, Suite E, Costa Mesa, CA 92626.

I believe the addition of a legal and compliant cannabis retail store will bring numerous benefits to our community. During this COVID-19 pandemic, several local businesses have closed or have been forced to lay off several employees. This store opening will bring numerous job opportunities with medical and vision benefits and living wages to Costa Mesa. It is important that the city support good paying jobs especially during this time. In addition, Shryne's retail store will have security personnel and 24-hour security cameras that will bring an increased level of public safety to our neighborhood.

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I am employed in the city and support Shryne Group's Retail Store.

Time: 10/27/2022 6:12:22 PM

Name: Haley Noriega

Address: 90813

Date & Time: 10/27/2022 4:52:00 PM

Browser: Mobile Safari 15.6.1 / iOS

IP Address: 174.193.141.118

Unique ID: 1026824576

Location: 34.0447, -118.2946



November 8, 2022

LETTER OF SUPPORT

Costa Mesa Mayor and City Council 77 Fair Drive Costa Mesa, CA 92626

Dear Mayor Stephens and Costa Mesa City Council Members:

On behalf of Power of One Foundation, we would like to express our support for the Shryne Group and their business application to operate a retail establishment in Costa Mesa.

Power of One Foundation is a not-for-profit organization with a focus on fighting hunger and poverty by providing food assistance and vital resources to vulnerable communities and individuals in Orange County, CA and beyond. The foundation's purpose is to empower residents in underserved communities to become leaders in their communities. Power of One Foundation has provided food & other resource assistance to over 2.8 million people since the pandemic hit the United States in March of 2020.

In 2022, Power of One Foundation expanded their outreach with many community events including a resource fair with IKEA Costa Mesa, Hoag Hospital, & Newport-Mesa School District where the Power of One team served over 2500 free hot dogs to the community. The foundation also produced several events for over 2000 Marines at Camp Pendleton in partnership with the USO. During the holiday season, Power of One produces an annual Halloween event for the community & an Annual Toy Drive for Christmas. Each year they grow their efforts and impact with these events, reaching around 5000 people with each holiday event. They also continue to develop programs to reach the under-served such as their Birthdays Matter Program, supporting single parents to celebrate their children's birthdays.

Partnerships with community-focused businesses such as the Shryne Group are critical to our success. With their support, Power of One Foundation can continue to serve low-income and underserved residents of Orange County. Power of One welcomes the Shryne Group to our community, and we look forward to growing our partnership through their continued support of our important work.

Thank you for your consideration.

Sincerely,

Shawnee Witt Vice Chair of Board of Directors

Email: shawnee@powerofonefoundation.org

Tax ID: 83-4215933



MERCY HOUSE

Founder and Chairman

Father Jerome T. Karcher

November 3, 2022

Board of Directors

Raymond M. Bukaty Gary R. Belz Lisa Marcus William F. Baker Jr. James Brooks Mladen Runtich In Daryl Cole Thomas J. Conway Tim Clyde Jim Righeimer Phillip R. Kaplan Richard P. Lopez, Esq. Rich Masterson Jeremy Elkins Linda Nguyen Christie Pettus Lisa Rumbaugh

Costa Mesa Mayor and City Council 77 Fair Drive Costa Mesa, CA 92626

establishment in Costa Mesa

Dear Mayor Stephens and Costa Mesa City Council Members:

Shryne Group and their business application to operate a retail

Chief Executive Officer

Lawrence G. Haynes, Jr.

Ontario Access Center Street Outreach

Outreach

Emergency Shelters

Assisi House Buena Park Navigation Center Bridges at Kraemer Place Brundage Lane Navigation Center Costa Mesa Bridge Shelter HomeAid Family Care Center New Hope Oxnard Navigation Center The ARCH The Link Mercy House is a nonprofit organization with a focus on ending homelessness through outreach, shelter, and permanent housing in Orange County, CA and beyond. Our goal is to address homelessness at it's root by creating programs that meet individuals where they are with individualized housing plans that help folks work toward self-sufficiency.

On behalf of Mercy House, we would like to express our support for the

Partnerships with community-focused businesses such as the Shryne Group are critical to our success. The Shryne Group has been incredibly generous and is looking to continue supporting programs such as the Costa Mesa Bridge Shelter. With their support, Mercy House can continue to serve low-income and underserved residents of Orange County. Mercy House welcomes the Shryne Group to our community, and we look forward to growing our partnership through their continued support of our important work.

Permanent Housing

Begonia Bethany Residence Camp Anza El Rancho Residential Services Emmanuel Residence Frederic Ozanam Residence Francis Guadalupe Residence Homeless Prevention Program Joseph Residence Katharine Drexel Residences Louis Martin Residence Parkside Permanent Supportive Housing Rapid Rehousing Regina Residence San Miguel Residence The Cove The Orchard Walden Glen Westchester Park

Thank you for your consideration.

Sincerely,

Tax ID

33-0315864

Jacob Mize

Development Director

Costa Mesa VICINITY MAP





Legend

Costa Mesa

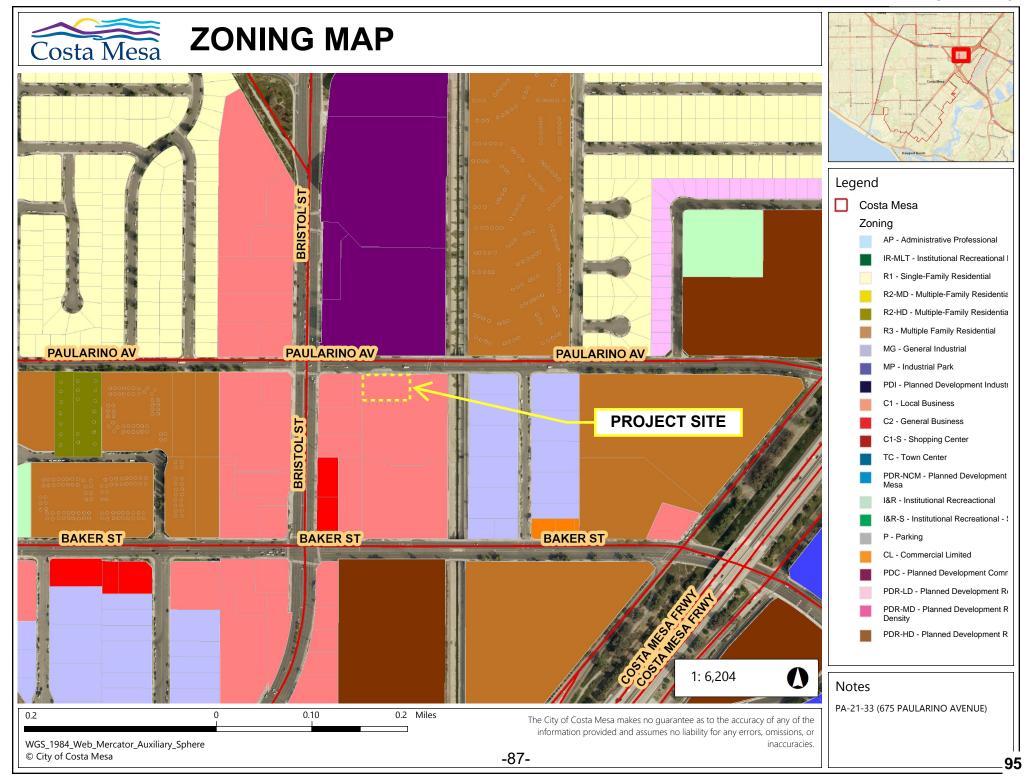
Notes

inaccuracies.

PA-21-33 (675 PAULARINO AVENUE)

WGS_1984_Web_Mercator_Auxiliary_Sphere © City of Costa Mesa

-86-



675 PAULARINO AVENUE, SUITES 5, 6, AND 7 (PA-21-33) EXISTING SITE PHOTO

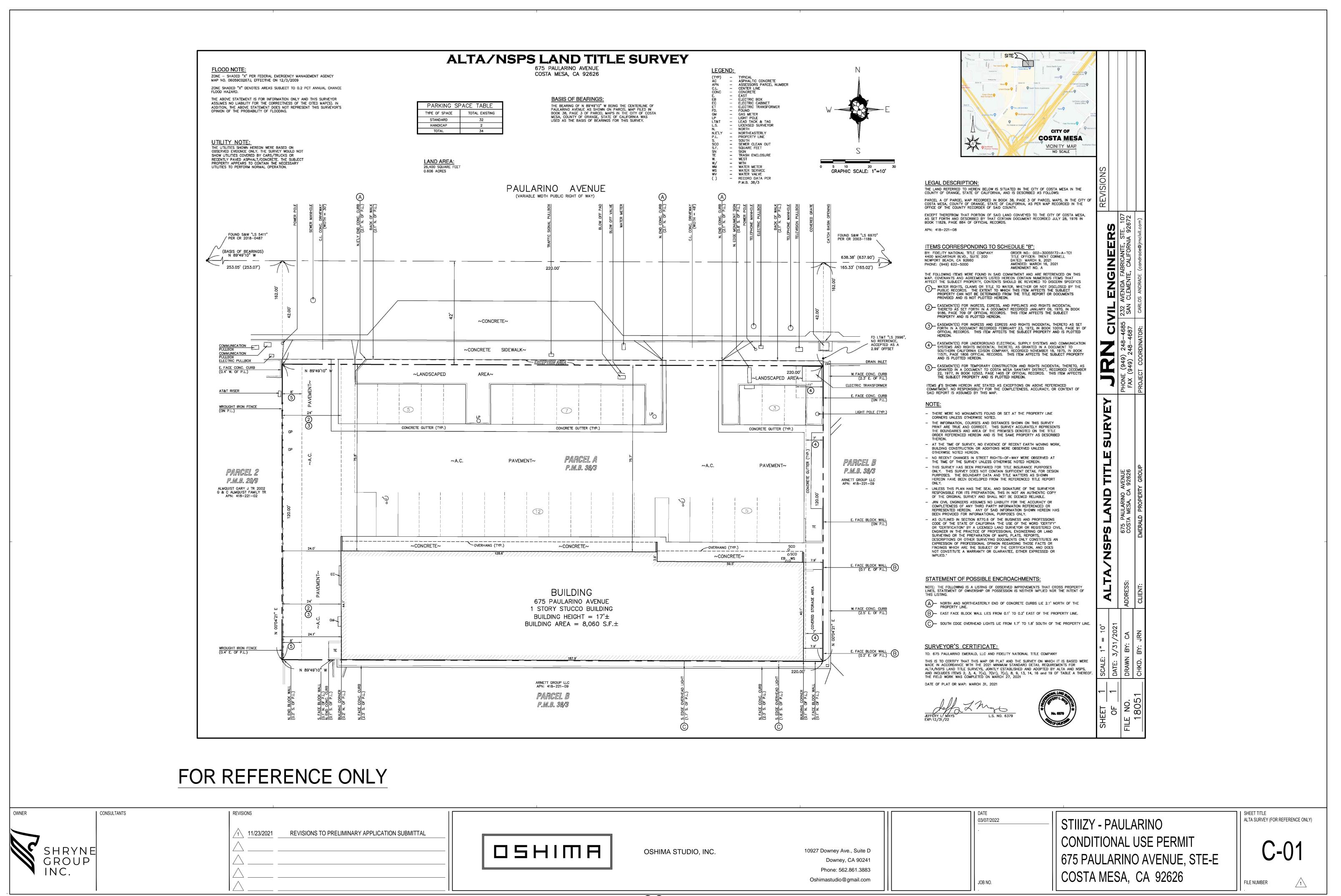


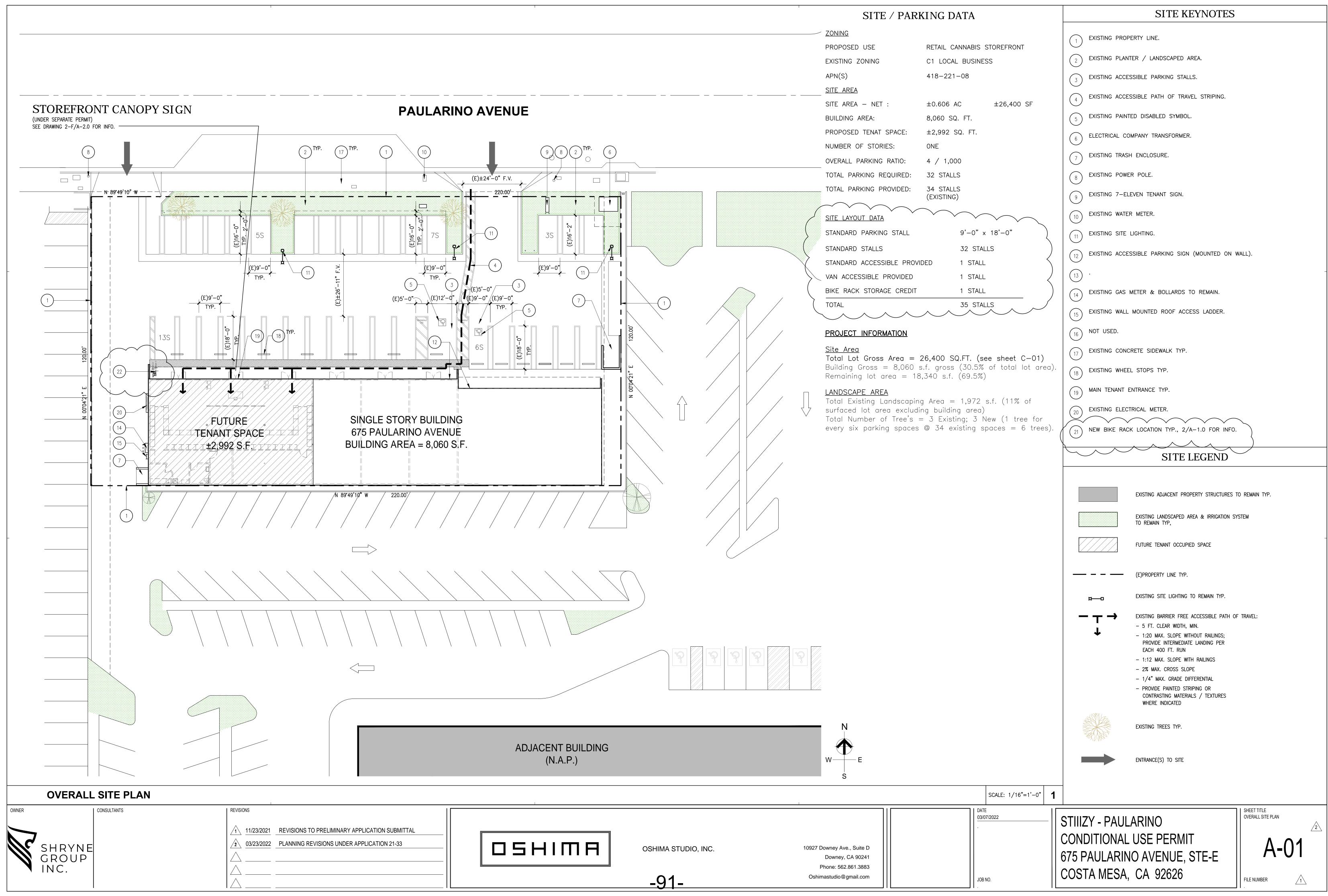


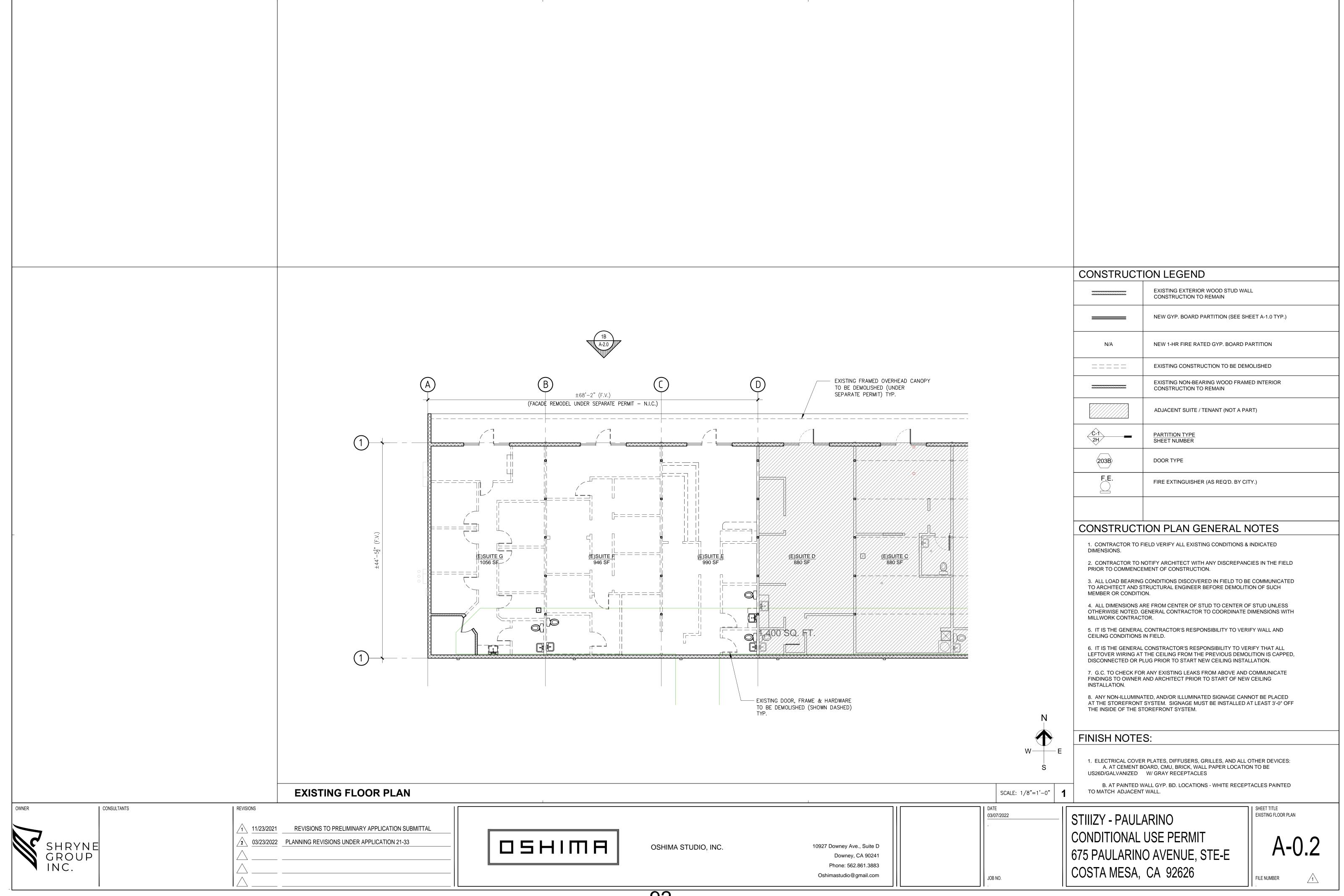


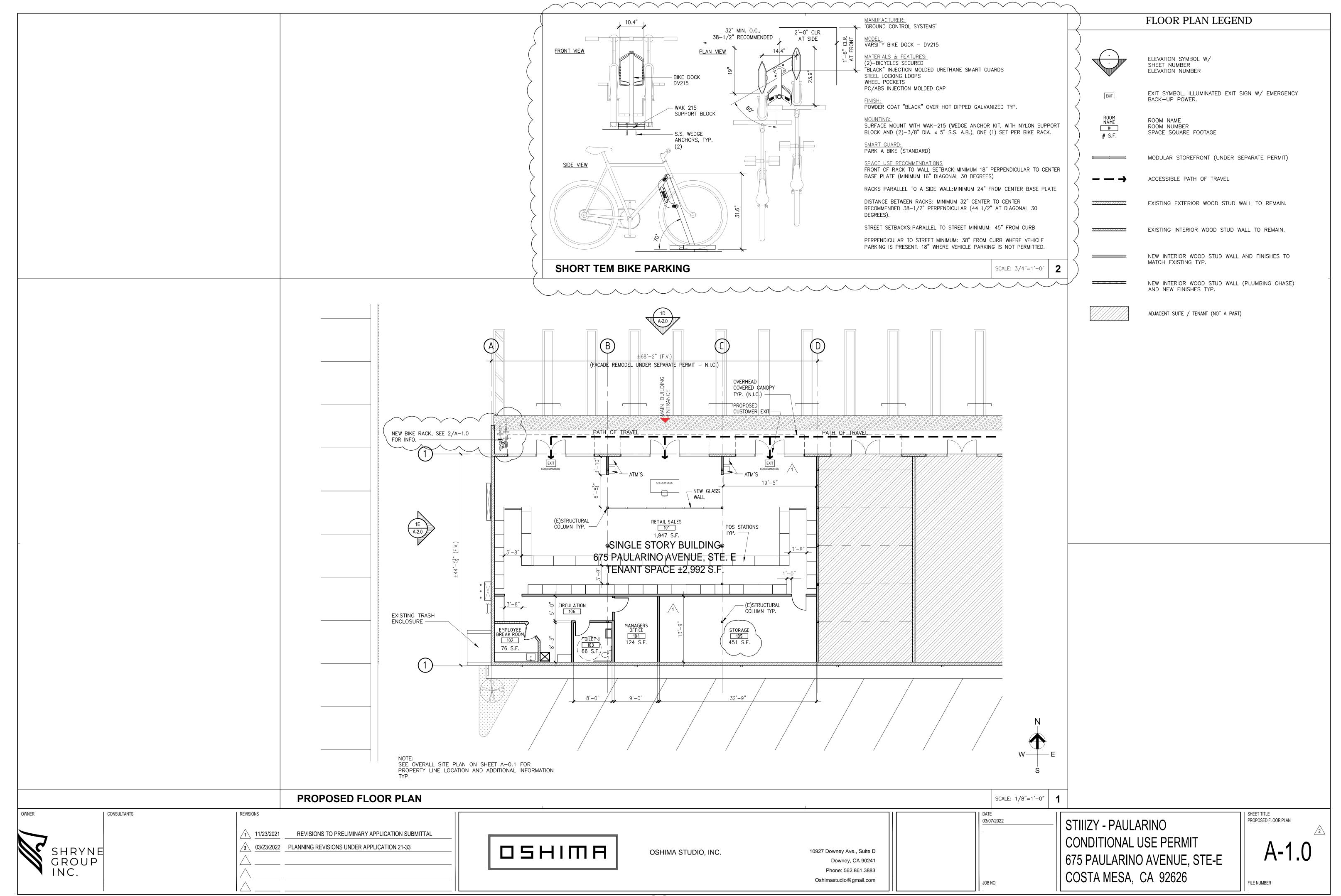


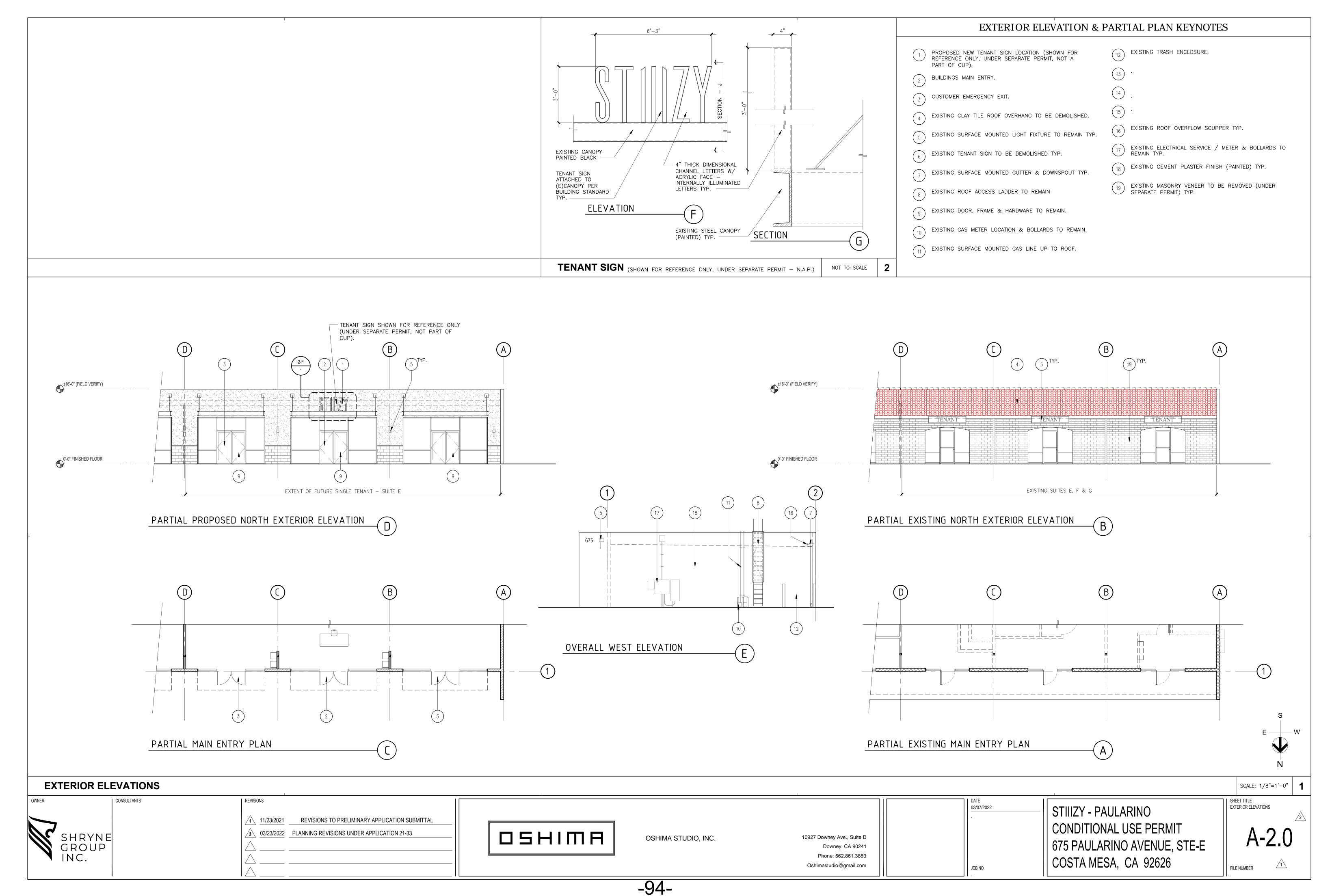






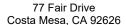














City of Costa Mesa Agenda Report

File #: 22-963 Meeting Date: 11/28/2022

TITLE:

PLANNING APPLICATION 21-34 FOR A RETAIL CANNABIS STOREFRONT BUSINESS LOCATED AT 2332 NEWPORT BOULEVARD (FLOWER FACTORY)

DEPARTMENT: ECONOMIC AND DEVELOPMENT SERVICES DEPARTMENT/ PLANNING DIVISION

RECOMMENDATION:

Staff recommends the Planning Commission adopt a Resolution to:

- 1. Find that the project is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) per CEQA Guidelines Section 15301 (Class 1), Existing Facilities; and
- 2. Approve Planning Application 21-34, subject to conditions of approval.

CANNABIS



21-34 STOREFRONT **BUSINESS LOCATED** AT 2332 **NEWPORT**

FOR

A RETAIL

BOULEVARD (FLOWER FACTORY)

PLANNING APPLICATION

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

PLANNING DIVISION

PRESENTATION BY: MICHELLE HALLIGAN, CONTRACT PLANNER

FOR FURTHER MICHELLE HALLIGAN

INFORMATION 714-754-5608

CONTACT: MICHELLE.HALLIGAN@COSTAMESACA.GOV

RECOMMENDATION

SUBJECT:

Staff recommends the Planning Commission adopt a Resolution to:

1. Find that the project is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) per CEQA Guidelines Section 15301 (Class 1), Existing Facilities; and

2. Approve Planning Application 21-34, subject to conditions of approval.

APPLICANT OR AUTHORIZED AGENT

The applicant/authorized agent is Christopher Glew on behalf of Newport Boulevard Enterprise LLC dba Flower Factory, and the property owner, Costa Mesa Commercial Group LLC.

PLANNING APPLICATION SUMMARY

| Location: | 2332 Newport Boulevard | Application Number: | PA-21-34 | | |
|-----------|--|---------------------|----------|--|--|
| Request: | Planning Application 21-34 for a Conditional Use Permit for the establishment of a cannabis retail | | | | |
| | storefront in the C1 (Local Business District) zone. | | | | |

SUBJECT PROPERTY:

SURROUNDING PROPERTY:

| Zone: | C1 (Local Business District) | North: | C1 (Local Business District) |
|-----------------|--|--------|------------------------------------|
| General Plan: | General Commercial | South: | C1 (Local Business District) |
| Lot Dimensions: | 60' x 149' | East: | State Route 55 |
| Lot Area: | 8,940 sq. ft. | West: | R2-MD (Multiple-Family Residential |
| | | | District, Medium Density) |
| Existing | 3,790 sq. ft. one-story commercial building. | | |
| Development: | | | |

DEVELOPMENT STANDARDS COMPARISON

| Development Standard | Required/Allowed C1 Zone | Provided/Proposed |
|---------------------------|-----------------------------|-------------------------------------|
| Building Height | 2 stories/30' | 1 story/14' |
| Setbacks: | | |
| Front | 20' | 20' |
| Side | 15'/0' | Existing: 0'/0' Proposed: 35'10"/0' |
| Rear | 0' | 43'10" |
| Landscape Setback – front | 20' | 23'5" ¹ |
| Parking | 8 spaces | 10 spaces ² |
| Floor area ratio (FAR) | 0.20 | 0.22 ³ |
| | | |

¹ The existing front setback is over 20 feet; however, no landscaping is provided. The existing front setback is entirely dedicated to parking, a legal non-conforming condition. Proposed improvements would provide landscaping and reduce the number of parking spaces within the front setback to only one accessible space. Landscaping would also be provided in the parking lot. These improvements would bring the property closer to conformance with landscaping requirements.

³ The existing FAR is 0.42. The applicant proposes to reduce the size of the building and bring the property closer to conformance with the maximum FAR.

| CEQA Status | Exempt per CEQA Guidelines Section 15301 (Existing Facilities) |
|--------------|--|
| Final Action | Planning Commission |

BACKGROUND

The subject site is located at 2332 Newport Boulevard, an approximately 9,000-square-foot midblock property along the east side segment of the corridor. The nearest cross streets are Wilson Street to the north and 23rd Street to the south. The site is zoned C1 (Local Business District) and is surrounded by C1 properties to the north and south and roadways to the west. Residential properties, zoned R2-MD (Multiple-Family Residential

² The proposed parking includes 9 parking stalls and one bicycle rack, which is credited as one standard parking space, for a total of 10 spaces. An additional parking stall that is exclusively for vendors/employees is also shown on the site plan and is not included in the parking total.

District, Medium Density) are located across an alley to the immediate east. The site has a General Plan Land Use Designation of Commercial Residential.

Existing development on the subject property consists of a one-story, 3,790-square-foot commercial building that spans the entire width of the property. The applicant proposes to reduce the size of the building to 2,000 square feet. Reducing the building footprint reduces the overall commercial intensity of the site and allows more of the property to be dedicated to circulation, parking, required setbacks, and landscaping. The proposed retail establishment, "Flower Factory," would occupy the entire 2,000-square-foot building. The subject property is currently vacant. The previous occupant was a car rental business with up to one outdoor display vehicle, a use permitted byright in the C1 zone without a discretionary approval.

The property is located on one of the City's primary commercial corridors, in between a multi-tenant commercial center and a medical office. Other nearby businesses along Newport Boulevard include restaurants, offices, beauty salons, a convenience store, an agricultural supply store, and other retailers. As with all of the commercial properties along the northbound 2300 block of Newport Boulevard, the rear of the subject property abuts an alley that is shared with single-family and multi-family residential uses.

There are no open Code Enforcement cases on the subject property.

The applicant partnered with Higher Ground, LLC, a Measure X operator in Costa Mesa's Green Zone. On February 22, 2021, the Planning Commission approved Planning Application 20-19 for cannabis product infusion, packaging, labeling, and distribution for the "Higher Ground" applicant at 3505 Cadillac Avenue, Unit F7. The CUP was amended in February 2022 to allow non-storefront retail (delivery directly to customers) at the same facility. There are no open Code Enforcement cases on the Measure X property.

Non-Conforming Development

The existing development is legal, non-conforming in terms of landscaping, side setback, parking, and floor area ratio (FAR). Therefore, the property is subject to the non-conforming provisions of the Costa Mesa Municipal Code (CMMC) Section 13-204. Pursuant to this Code Section, a conforming use may be located on a non-conforming property so long as the new site modifications do not result in greater site non-conformities. In addition, if the site is legal non-conforming in regards to parking, a use may not be replaced with a use that requires more parking, unless additional parking is provided pursuant to the CMMC. The previous use was a car rental business, which was subject to the same four stalls per 1,000 square feet parking ratio as the proposed retail establishment. Therefore, the site's legal nonconforming parking could remain.

Pursuant to the CMMC and General Plan, the maximum allowed FAR for the proposed use is 0.20 and the existing FAR is 0.42. The applicant proposes reducing the square footage of the building as well as significant upgrades to the site to reduce

nonconformities. Following improvements to the building, the resulting FAR would be 0.22, significantly closer to conforming to the CMMC. Reducing the size of the building would allow space for addressing other non-conformities as well. For example, the proposed improvements bring the site's parking into conformance with the required parking ratio, create a conforming side setback, and bring the site's landscaping closer into conformance with the landscaping requirements. The proposed improvements bring FAR into closer conformance and reduce the number of parking spaces located within the front yard setback to only one accessible space (required parking is not allowed within a front yard setback).

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

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

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

On November 3, 2020, Costa Mesa voters approved Measure Q, the Costa Mesa Retail Cannabis Tax and Regulation Measure. This measure allowed the City to adopt regulations permitting 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.

Cannabis Business Permit (CBP) Application Process

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

- Pre-Application Determination;
- CBP Notice to Proceed:
- Conditional Use Permit (CUP);
- Building Permit(s);
- Final City Inspections;
- CBP Issuance; and
- City Business License.

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

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

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

The applicant successfully passed these evaluations and staff issued a "CBP Notice to Proceed," which allows the applicant to submit a CUP application.

The CUP application and required supportive materials were submitted by the applicant and reviewed for conformance with City standards and regulations by the Planning Division, Building Division, Public Works Department (including Transportation and Engineering Divisions), Fire Department, and Police Department.

If the Planning Commission approves the CUP, the applicant may then begin the remaining steps of the CBP process, which include:

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

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

After obtaining the CBP, the applicant would apply for and obtain a City Business License through the Finance Department. Lastly, the applicant must obtain the appropriate license from the State Department of Cannabis Control (DCC) prior to operating.

Cannabis retail businesses are subject to a City established seven-percent gross receipts tax, which must be paid to the City of Costa Mesa's Finance Department. Records and revenues are audited annually by the Finance Department and HdL Companies.

DESCRIPTION

Planning Application 21-34 is a request for a CUP to allow a retail cannabis storefront in a one-story commercial building to sell pre-packaged cannabis and pre-packaged cannabis products directly to customers onsite at 2332 Newport Boulevard. The affiliated State license is a Type 10 "storefront retailer" license which also allows for retail cannabis delivery. However, the applicant is not proposing retail delivery services. Should the storefront wish to offer delivery services in the future, an amendment to the CUP would be required. As proposed, the retail establishment would operate between 7 AM and 10 PM.

Upon approval of a CUP, CBP, City Business License, and State licenses, the business would sell pre-packaged cannabis and pre-packaged cannabis products directly to customers onsite, subject to conditions of approval and other City and State requirements.

ANALYSIS

Conditional Use Permit Required

Pursuant to CMMC Sections 13-28(B) and 13-200.93(c)(1), subject to the approval of the Planning Commission, a CUP is required for the establishment of cannabis retail storefronts in a commercial zone. The subject site is located within a commercial zone (C1 – Local Business District) where commercial development is allowed to include retail storefronts. As defined in the CMMC, "This district is intended to meet the local business needs of the community by providing a wide range of goods and services in a variety of locations throughout the City." Pursuant to the CMMC, cannabis retail storefronts are subject to extensive regulation (as specifically described in this report). These regulations are adopted to prevent land use inconsistencies with adjacent properties. Pursuant to the CMMC, the approval of a CUP requires that the Planning Commission make findings related to neighborhood compatibility, health and safety and land use compatibility. The analysis regrading CUP findings is provided below in this report. Lastly, staff has drafted specific conditions of approval, included in the Resolution, to ensure site-specific land use compatibility.

Separation Requirements

CMMC Section 13-200.93(e) stipulates that no cannabis retail storefront use shall be located within 1,000 feet from a K-12 school, playground, licensed child daycare, or homeless shelter, or within 600 feet from a youth center as defined in CMMC Title 9, Chapter VI, Section 9-485, that is in operation at the time of submission of a completed cannabis business permit application. All separation distances are measured in a straight line from the "premises" where the cannabis retail use is to be located to the closest property line of the sensitive use(s). Premises is as defined in the State's Business and Professions Code Section 26001(aq) as "the designated structure or structures and land"

specified in the application that is owned, leased, or otherwise held under the control of the applicant or licensee where the commercial cannabis activity will be or is conducted. The premises shall be a contiguous area and shall only be occupied by one licensee". Therefore, the premises only includes the retail cannabis activity areas (including sales, storage, back-of-house and/or other ancillary areas) and excludes the parking lot and other areas that are not part of the area licensed by the State for commercial cannabis activity. The subject site complies with the required separation from sensitive uses.

Exterior Tenant Improvements

The existing building is legal non-conforming in terms of FAR, side setback, parking and landscaping. The applicant is proposing to reduce the size of the structure from 3,790 square feet to 2,000 square feet. This reduction in the footprint provides the opportunity to upgrade the property and reduce or remove other non-conformities. The FAR would change from 0.42 to 0.22, significantly closer in conformance with the development standard of 0.20. Reducing the building footprint would bring the side setback into conformance (an increase in side setback from zero to over 15-feet). The applicant proposes to add approximately 300 square feet of drought tolerant landscaping in the front setback and parking lot. As conditioned, a detailed landscaping plan would be reviewed during the plan check permitting process. Other exterior improvements to the structure include one new exterior wall and several new doors and new windows, designed to be consistent with the architectural style of the rest of the building.

The existing building spans the entire width of the property, significantly limiting circulation. Existing parking consists of five 90-degree stalls located in the front setback, requiring drivers to back onto Newport Boulevard in order to leave the property. Additional parking is provided in a parking lot in the rear, accessed via an alley across from residential development. The proposed improvements would remove the parking stalls from the front setback and replace them with landscaping and one accessible parking space. A new drive aisle and parking lot would be constructed to improve circulation and allow customers to exit the site via Newport Boulevard (instead of by using the alley). As conditioned, the existing access gate to the alley would be closed to customers to prevent customers from accessing/exiting the site via the alley.

Other proposed site improvements include installing bicycle racks, shielded security lighting, resurfacing and restriping the parking lot, and new business signage (signs would be reviewed and permitted separately per CMMC requirements). A preliminary lighting plan has been provided and would be further reviewed during the plan check process, as conditioned.

Interior Tenant Improvements

The proposed interior improvements include constructing demising walls to create "back of the house" spaces and new doors, new counters, and new finishes. The proposed areas where customers would be allowed include the check-in space, retail sales floor,

and restroom. The proposed "back-of-house" areas include an office, break room, and storage room. A summary of the proposed floor plan is provided in Table 1.

Table 1 - Floor Plan Summary

| Operational Area | Square Feet |
|--------------------|-------------|
| Check-In Space | 164 |
| Retail Sales Floor | 1,200 |
| Restroom | 57 |
| Office | 204 |
| Break Room | 140 |
| Storage | 235 |
| Total | 2,000 SF |

Customer and Employee Access

Customer access to the proposed establishment includes entering the licensed premise through a designated entrance door that faces the accessible stall in the front of the building and another designated door that faces the parking lot drive aisle. An employee at the check-in space would verify each customer's age and identification. Customers would only be allowed in the retail sales area and restroom. After a customer's transaction is completed, they must leave the premise. As further conditioned, a security guard would monitor the area at all times to ensure that customers are following regulations. All other areas of the premises would be accessible only to employees with the proper security credentials. Employees would enter through the access controlled door on the south side of the building.

Vendor Access

During business hours, vendor vehicles (such as licensed distributor vehicles that are used for delivering cannabis products to retail stores) would use the designated vendor parking space located approximately 30 feet to the access controlled door. All deliveries will have pre-committed arrival times set by the cannabis store operational managers.

Vendors would only be allowed to enter the premise while accompanied by an employee with the proper security credentials. In addition, a security guard would monitor the vendor vehicle until the loading/unloading activity has been completed and the vehicle departs the facility. As conditioned, the access-controlled vendor entry door, path of travel, and vehicle loading/unloading area would be under camera surveillance at all times.

Storefront Operations

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

 Display State license, CBP, and City business license in a conspicuous building location;

- Shipments of cannabis goods may only be accepted during regular business hours (conditioned to be between 7:00 AM and 10:00 PM daily);
- Cannabis inventory shall be secured using a lockable storage system during nonbusiness hours;
- At least one licensed security guard shall be on premises 24-hours a day;
- The premises and the vicinity must be monitored by security and/or other staff to
 ensure that patrons immediately leave and do not consume cannabis onsite or
 within close proximity. The CMMC prohibits the consumption of cannabis or
 cannabis products in public areas; cannabis consumption is limited to non-public
 areas, such as within a private residence. State law further prohibits cannabis
 consumption and open container possession within 1,000 feet of sensitive uses
 and while riding in or driving a vehicle;
- There must be continuous video monitoring and recording of the interior and exterior of the premises;
- Adequate security lighting shall be provided and shall be designed to prevent offsite light spill;
- Onsite sales of alcohol or tobacco products and on-site consumption of alcohol, cannabis, and tobacco products is prohibited;
- No one under the age of 21 is allowed to enter the premises. If the business holds a retail medical cannabis license (M-license) issued by the State, persons over the age of 18 may be allowed with the proper medical approvals i.e. physician's recommendation or medical card pursuant to CMMC Section 9-495(h)(6);
- Prior to employment, all prospective employees must successfully pass a background check conducted by the City, and the employee must obtain a City issued identification badge;
- Customers are only granted access to the retail area after their age and identity has been confirmed by an employee;
- Each transaction involving the exchange of cannabis goods between the business and consumer shall include the following information:
 - Date and time of transaction:
 - Name and employee number/identification of the employee who processed the sale;
 - List of all cannabis goods purchased including quantity; and
 - Total transaction amount paid.
- There must be video surveillance of the point-of-sale area and where cannabis goods are displayed and/or stored;
- Cannabis products shall not be visible from the exterior of the building;
- Free samples of cannabis goods are prohibited;
- When receiving new inventory from licensed distributors, employees will verify the
 distributor's identity and license prior to allowing them to enter the facility through
 an access-controlled door. After distributor's credentials have been confirmed, an
 employee will escort the distributor to the appropriate interior location and remain
 with them throughout the process.
- Cannabis goods to be sold at this establishment must be obtained by a licensed cannabis distributor and have passed laboratory testing;

- Cannabis product packaging must be labeled with required test results and batch number; and
- Packaging containing cannabis goods shall be tamper and child-resistant; if packaging contains multiple servings, the package must also be re-sealable.

Business Plan

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

Security Plan

The applicant has submitted a professionally prepared security plan for the proposed retail cannabis establishment. The City's cannabis consultant reviewed the security plan and determined that appropriate security measures were included to address the City's security requirements pursuant to CMMC Title 9, Chapter VI, and State law.

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

- At least one security guard will be on-site 24-hours a day;
- All employees must pass a "Live Scan" background check;
- City-issued identification badges are required for employees;
- An inventory control system shall be maintained;
- Exterior and interior surveillance cameras shall be monitored and professionally installed:
- An alarm system shall be professionally installed, maintained, and monitored;
- Surveillance footage must be maintained for a minimum of 90 days;
- Cash, cannabis, and cannabis products shall be kept in secured storage areas;
- Sensors shall be installed that detect entry and exit from all secured areas;
- Security lighting (interior and shielded exterior) shall be installed;
- Emergency power supply shall be installed;
- Employees shall be trained for use with any/all emergency equipment;
- Employees and vendors will be trained regarding cash and product transportation protocol;
- Specific security measures for visitors/customers shall be required; and
- All facility entry and exit points and locations where cash or cannabis products are handled or stored shall be under camera surveillance.

Parking and Circulation

Retail cannabis establishments are subject to the same parking ratio as other storefronts in the City (four spaces per 1,000 square feet of gross floor area). Based on this ratio, the 2,000 square foot establishment would be required to have eight onsite parking spaces. The proposed site plan provides 10 parking stalls including credit for one bicycle rack. There is an existing public sidewalk at the front of the property along Newport Boulevard, which provides access to the site for pedestrians and bicyclists. The proposed parking exceeds the City's requirement by two spaces.

Parking is currently provided in the front setback via Newport Boulevard and in the rear via an alley, across from residential development. If approved, the building footprint would be reduced, allowing access to be provided by a new two-way driveway with customer access from Newport Boulevard. One accessible stall would be located in front of the building, several parallel stalls would be located along the drive aisle, and the parking area in the rear would be large enough for vehicles to turn around and exit via the new Newport Boulevard driveway. The proposed design would allow all ingress and egress to take place via Newport Boulevard. As proposed and conditioned, the existing vehicle gate along the alley would be closed to customer traffic so that all customers must enter and exit the premise from Newport Boulevard. As with many other businesses located along the northbound 2300 block of Newport Boulevard, the vehicle gate along the alley would be accessible for limited use such as trash pick-up, maintenance, etc.

Although the proposed site plan exceeds the City's parking requirement for a retail use, if parking shortages or other parking-related problems occur, the business owner or operator will be required to monitor the parking lot and institute appropriate operational measures necessary to minimize or eliminate the problem in a manner deemed appropriate by the Director of Economic and Development Services (see "Operational Conditions" of Approval No. 6 in the attached Resolution). Examples of parking demand management techniques include, but are not limited to, offsite parking for employees, reducing operating hours of the business, hiring an employee to monitor parking lot use and assist with customer parking lot circulation, offering delivery services to reduce in person store visits, and incentivizing employee carpooling/cycling/walking.

Traffic

The CMMC Section 13-275(e) indicates that any increase in traffic generation by a change of use that is required to obtain a discretionary permit, shall be subject to review by the appropriate reviewing authority, which may impose fees to address increased trip generation. If required, the fee collected is used to fund the City's comprehensive transportation system improvement program. The purpose of the program is to ensure that the City's transportation system has the capacity to accommodate additional trips. The Citywide Traffic Impact Fees on new and expanding developments is determined using estimated Average Daily Trips (ADT), which is the total number of vehicular trips both in and out of a development generated throughout an average weekday. The Transportation Services Division determined that the appropriate ADT for a cannabis retail establishment is approximately 108 trips per 1,000 square feet based on the

Institute of Transportation Engineers (ITE) 11th Edition Trip Generation Manual for a pharmacy/drug store with drive-through. The City's traffic engineering review focuses on net trip increase for both the ADT and peak hour trips. Therefore, the trip generation is estimated for the previous use and is credited (subtracted) from the proposed use to estimate potential changes in trip generation for ADT and peak hour trips. CMMC Section 13-275(a), specifies that "a traffic impact study shall be required for all development projects estimated by the Public Services Department to generate one hundred (100) or more vehicle trip ends during a peak hour." The highest peak hour trips in either the AM or PM peak is used to estimate the number of vehicular trips generated both in and out of a new or expanded development known as vehicle trip ends during a peak hour. Staff reviewed and determined that the proposed use does not meet the threshold of 100 peak hour trips requiring a traffic study based on the net peak hour trips, but there would likely be a Traffic Impact Fee (such fee calculations would consider the proposed decreases in existing floor area). The fee calculation would be finalized during the building permit plan check process and must be paid prior to building permit issuance.

Odor Attenuation

Cannabis products would arrive in State compliant packaging that is sealed and odorresistant packaging, and remain unopened while on the premises. The storefront proposes to use carbon filters throughout the facility. If approved, the use would be conditioned so the operator must replace the air filters at regular intervals, as directed in the manufacturer specifications. Further, if cannabis odor is detected outside of the tenant space and/or off-site, the business owner/operator will be required to institute further operational measures necessary to eliminate off-site odors in a manner deemed appropriate by the Director of Economic and Development Services. Lastly, cannabis products would not be allowed to be disposed of in the exterior trash enclosure.

Proximity to Residential

Similar to several other commercial properties that front Newport Boulevard in this area of the City, the subject property is separated from residentially zoned properties (R2-MD, Multi-Family Medium Density and R2-HD, Multi-Family High Density) by an existing 20-foot public alley. Existing residential uses in the area include detached single family homes, attached condominiums, and multi-family units.

To ensure neighborhood compatibility, project conditions and requirements have been proposed and include the following:

- Business hours are limited from 7AM to 10PM.
- No customer traffic may enter or exit the premise from the public alley;
- Shield security lighting down and away from residential properties to prevent light spillover. As conditioned, a photometric study would be required to be submitted during plan check to demonstrate that light levels at the residential property are minimal;

- Post signs within the parking lot to remind customers and vendors to keep noise levels to a minimum;
- Limit the hours that the business can dispose of waste at the trash enclosure to avoid noise impacts during sensitive hours i.e. dispose of trash between 8AM and 8PM;
- The trash facility must be located and designed in a manner that does not result in odor impacts to the adjacent residential use. Only typical refuge shall be disposed in the trash receptacles, and disposal of cannabis products is prohibited. If odor complaints are received and confirmed by the City, odor impacts shall be eliminated in a manner deemed appropriate by the Director of Economic and Development Services; and
- An employee would monitor the site's parking areas to ensure that customers are quiet, turn of vehicle engines promptly, do not play loud music, slam car doors and generally do not create excessive neighbor disturbances. The employee would be especially diligent to prevent noise and other neighbor disturbance during morning and evening business hours.

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 both serve local needs and attract regional and international spending, and providing cultural, educational, social, and recreational amenities that contribute to the quality of life in the community. 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 applicable 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 use would provide a new entrepreneurial business in Costa Mesa located within a commercial area as allowed under Measure Q, and provides new goods and services and new employment opportunities in the community.

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

Consistency: Retail cannabis uses are expected to generate increased tax revenues in that cannabis sales are subject to a seven-percent local tax on gross receipts. Approval of the proposed cannabis retail storefront would allow business operations that would expand the City's revenue base. This revenue can then be used for community services and infrastructure improvements that serve the community.

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 is part of the specialized and growing cannabis industry that is limited in the surrounding region. Approval of this CUP would facilitate a new local business opportunity in a specialized and expanding industry. The proposed retail cannabis business would occupy a vacant retail space that fronts a primary commercial corridor.

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:

• <u>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.</u>

The subject site is located within a commercial zone (C1, Local Business District) where commercial development is specifically allowed to include retail storefronts. In addition, the property is located on one of the City's primary commercial corridors which is predominantly intended for commercial uses. Existing uses along this block include restaurants, offices, a convenience store, and an agricultural supply store. Pursuant to the CMMC, cannabis retail storefronts are permitted uses in the City's commercial zones and are subject to extensive regulation (as specifically described in this report). These regulations are adopted to prevent land use inconsistencies with adjacent properties. Additionally, the proposed cannabis retail storefront use is not located within 1,000 feet of a K-12 school, playground, licensed child daycare, or homeless shelter, or within 600 feet of a youth center. No outdoor storage or sales are proposed nor would be allowed. Operations would be conditioned to be compliant with applicable local and State laws as well as to minimize potential impacts.

The proposed use would also not be materially detrimental to the abutting residences because the project would include features to ensure neighborhood compatibility such as: prohibiting customers from entering or exiting via the rear alley, Limiting vendor deliveries between the hours of 7 AM to 10 PM, posting

signs in the parking lot directing all to use consideration when in or exiting the parking lot, having a 24-hour security guard, an employee monitoring customer activity, and shielding security lighting down and away from the residential uses to prevent potential lighting impacts. The storefront business would also include odor control measures as described in this report to minimize any odor impacts to the residences. Staff does not anticipate that the proposed retail cannabis use, as proposed and conditioned, would be materially detrimental to nearby uses that include offices, restaurants, multi-tenant commercial centers, and residences.

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

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

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

The proposed retail use would occupy a vacant commercial building on a property that has a General Plan land use designation of "Commercial Residential." The General Plan defines this designation as "the eastside of Newport Boulevard between East 19th Street and Mesa Drive. It is the intent of this land use designation to allow a complementary mix of commercial and residential zoning along Newport Boulevard." The City's General Plan sets forth long-term policies that guide future development, whereas the Zoning Ordinance implements general plan policies through detailed development regulations, such as specific use types and building standards. Therefore, in determining General Plan compliance for the proposed cannabis retail storefront use, a comparison of the proposed use with the use, density and intensity allowed by the applicable zoning district is required. In this case, the applicable zoning district is "Local Business District" (C1). A variety of commercial uses are allowed in the C1 zone.

The proposed retail cannabis establishment would occupy a vacant commercial space. The proposed design would decrease the building footprint, improve onsite parking and circulation, and increase landscaping to bring the site into greater conformance with the CMMC. Therefore, approving the CUP would not increase development intensity; to the contrary, site intensification would be reduced by the proposed site improvements. The proposed use is consistent with General Plan policies related to providing a mixture of commercial goods, services, and employment opportunities; expanding the City's tax base; and promoting the incubation of unique and specialized businesses.

ENVIRONMENTAL DETERMINATION

The project is categorically exempt from the provisions of California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301 for the permitting and/or minor alteration of Existing Facilities, involving negligible or no expansion of the existing or prior use. This project site contains a commercial building that has been used for commercial activities. The application does not propose an increase in commercial floor area. The project is consistent with the applicable General Plan land use designation and policies as well as with the applicable zoning designation and regulations.

ALTERNATIVES

The Planning Commission has the following alternatives:

- 1. <u>Approve the project</u>. The Planning Commission may approve the project as proposed, subject to the conditions outlined in the attached Resolution.
- 2. <u>Approve the project with modifications</u>. 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. <u>Deny the project</u>. If the Planning Commission believes that there are insufficient facts to support the findings for approval, the Planning Commission must deny the application, provide facts in support of denial, and direct staff to incorporate the findings into a Resolution for denial. If the project is denied, the applicant could not submit substantially the same type of application for six months.

LEGAL REVIEW

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

PUBLIC NOTICE

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

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

As of the date this report was circulated, one written public comment has been received and is attached to this report. Any public comments received prior to the November 28, 2022 Planning Commission meeting will be provided separately.

CONCLUSION

The proposed project is a retail cannabis storefront business at a developed commercial property that is located on one of the City's primary commercial corridors. The location meets separation requirements established in CMMC 13-200.93(e). Staff and the City's cannabis consultant completed the Pre-Application Determination, Business Plan and Security Plan evaluations, owner background checks, and thoroughly reviewed the CUP materials. If approved, the operation would be required to comply with all conditions of approval and extensive City and State regulations.

If the Planning Commission approves the project, the applicant would next obtain building permits, complete tenant improvements, and pass City inspections prior to obtaining a CBP and City Business License. The CBP is valid for two years and must be continuously renewed, including inspections, prior to expiration. During each two-year CBP period, the Community Improvement Division, along with other City staff, will conduct site inspections to verify that the operation complies with CUP and CBP requirements. Violations identified during site inspections may be grounds for revocation of issued permits or non-renewal of a CBP.

As proposed and conditioned, the use would be consistent with other commercial uses in the C1 (Local Business District) zone and the City's General Plan. The required findings for the CUP can be made, as described above, and therefore, staff recommends approval of Planning Application 21-34 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 21-34 FOR A STOREFRONT RETAIL CANNABIS BUSINESS (FLOWER FACTORY) IN THE C1 ZONE AT 2332 NEWPORT BOULEVARD

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

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

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

WHEREAS, Planning Application 21-34 was filed by Christopher Glew representing Newport Blvd Enterprise LLC dba Flower Factory, authorized agent for the property owner, Costa Mesa Commercial Group LLC, requesting approval of the following:

A Conditional Use Permit to operate a storefront retail cannabis business within a 2,000-square-foot commercial building located at 2332 Newport Boulevard. The business would sell pre-packaged cannabis and pre-packaged cannabis products directly to customers onsite, subject to conditions of approval and other City and State requirements;

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

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

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

NOW, THEREFORE, based on the evidence in the record and the findings contained in Exhibit A, and subject to the conditions of approval contained within Exhibit B, the Planning Commission hereby **APPROVES** Planning Application 21-34 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 21-34 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 28th day of November, 2022.

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 November 28, 2022 by the following votes:

AYES: COMMISSIONERS

NOES: COMMISSIONERS

ABSENT: COMMISSIONERS

ABSTAIN: COMMISSIONERS

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 a commercial zone (C1, Local Business District) where commercial development is specifically allowed to include retail storefronts. In addition, the property is located on one of the City's primary commercial corridors which is predominantly intended for commercial uses. Existing uses along this block include restaurants, offices, a convenience store, and an agricultural supply store. Pursuant to the CMMC, cannabis retail storefronts are permitted uses in the City's commercial zones and are subject to extensive regulation. These regulations are adopted to prevent land use inconsistencies with adjacent properties. Additionally, the proposed cannabis retail storefront use is not located within 1,000 feet of a K-12 school, playground, licensed child daycare, or homeless shelter, or within 600 feet of a youth center. No outdoor storage or sales are proposed nor would be allowed. Operations would be conditioned to be compliant with applicable local and State laws as well as to minimize potential impacts.

The proposed use would also not be materially detrimental to the abutting residences because the project would include features to ensure neighborhood compatibility such as: prohibiting customers from entering or exiting via the rear alley, limiting vendor deliveries between the hours of 7 AM to 10 PM, posting signs in the parking lot directing all to use consideration when in or exiting the parking lot, having a 24-hour security guard, an employee monitoring customer activity in the parking lot, and shielding security lighting down and away from the residential uses to prevent potential lighting impacts. The storefront business would also include odor control measures as described in this report to minimize any odor impacts to the residences. Staff does not anticipate that the proposed retail cannabis use, as proposed and conditioned, would be materially detrimental to nearby uses that include offices, restaurants, multi-tenant commercial centers, and residences.

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

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

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

Facts in Support of Finding: The proposed retail use would occupy a vacant commercial building on a property that has a General Plan land use designation of "Commercial Residential." The General Plan defines this designation as "the eastside of Newport Boulevard between East 19th Street and Mesa Drive. It is the intent of this land use designation to allow a complementary mix of commercial and residential zoning along Newport Boulevard." The City's General Plan sets forth long-term policies that guide future development, whereas the Zoning Ordinance implements general plan policies through detailed development regulations, such as specific use types and building standards. Therefore, in determining General Plan compliance for the proposed cannabis retail storefront use, a comparison of the proposed use with the use, density and intensity allowed by the applicable zoning district is required. In this case, the applicable zoning district is "Local Business District" (C1). A variety of commercial uses are allowed in the C1 zone.

The proposed retail cannabis establishment would occupy a vacant commercial space. The proposed design would decrease the building footprint, improve onsite parking and circulation, and increase landscaping to bring the site into greater conformance with the CMMC. Therefore, approving the CUP would not increase development intensity; to the contrary, site intensification would be reduced by the proposed site improvements. The proposed use is consistent with General Plan policies related to providing a mixture of commercial goods, services, and employment opportunities; expanding the City's tax base; and promoting the incubation of unique and specialized businesses.

- B. The project is categorically exempt from the provisions of CEQA pursuant to CEQA Guidelines Section 15301 for the permitting and/or minor alteration of Existing Facilities, involving negligible or no expansion of the existing use. This project site contains a commercial building that has been used for commercial activities and the application does not propose an increase in floor area. The project is consistent with the applicable General Plan land use designation and policies as well as with the applicable zoning designation and regulations.
- C. The project is subject to a traffic impact fee, pursuant to Chapter XII, Article 3
 Transportation System Management, of Title 13 of the Costa Mesa Municipal Code.

EXHIBIT B

CONDITIONS OF APPROVAL

General

Plng.

- 1. The use of this property as a cannabis storefront (without delivery to customers) shall comply with the approved plans and terms described in the resolution, these conditions of approval, and applicable sections of the Costa Mesa Municipal Code (CMMC). The Planning Commission may modify or revoke any planning application based on findings related to public nuisance and/or noncompliance with conditions of approval [Title 13, Section 13-29(o)].
- 2. Approval of the planning/zoning application is valid for two years from the effective date of this approval and will expire at the end of that period unless the applicant establishes the use by one of the following actions: 1) a building permit has been issued and construction has commenced, and has continued to maintain a valid building permit by making satisfactory progress as determined by the Building Official, 2) a certificate of occupancy has been issued, or 3) the use is established and a business license has been issued. A time extension can be requested no less than 30 days or more than sixty (60) days before the expiration date of the permit and submitted with the appropriate fee for review to the Planning Division. The Director of Development Services may extend the time for an approved permit or approval to be exercised up to 180 days subject to specific findings listed in Title 13, Section 13-29 (k) (6). Only one request for an extension of 180 days may be approved by the Director. Any subsequent extension requests shall be considered by the original approval authority.
- 3. No person may engage in any cannabis business or in any cannabis activity within the City including the sale of cannabis or a cannabis product unless the person:
 - a. Has a valid Cannabis Business Permit from the City;
 - Has paid all Cannabis Business Permit and all application fees and deposits established by resolution of the City Council, including annual Community Improvement Division inspection deposits;
 - c. Has obtained all applicable planning, zoning, building, and other applicable permits from the relevant governmental agency which may be applicable to the zoning district in which such cannabis business intends to operate;
 - d. Has obtained a City business license pursuant to Chapter I of the Municipal Code;
 - e. Is in compliance with all requirements of the Community Improvement Division regarding the property;
 - f. Has obtained any and all licenses required by State law and/or regulations; and
 - g. Has satisfied all CUP conditions of approval.

- 4. Any change in the operational characteristics of the use shall be subject to Planning Division review and may require an amendment to the Conditional Use Permit, subject to either Zoning Administrator or Planning Commission approval, depending on the nature of the proposed change.
- 5. No cultivation of cannabis is allowed anywhere on the premises.
- 6. The uses authorized by this Conditional Use Permit must be conducted in accordance with all applicable State and local laws, including, but not limited to compliance with the most current versions of the provisions of the California Code of Regulations that regulate the uses permitted hereby. Any violation thereof shall be a violation of the conditions of this permit and may be cause for revocation of this permit.
- 7. Except for operations allowed by this Conditional Use Permit (storefront only) and under an active Cannabis Business Permit and State Type 10 license (no delivery proposed nor approved), no permit holder or any of its employees shall sell, distribute, furnish, and/or otherwise provide any cannabis or cannabis product to any person, firm, corporation, group or any other entity, unless that person or entity is a lawful, bona fide customer, or it possesses all currently valid permits and/or licenses required by both the State of California and applicable local governmental entity to lawfully receive such cannabis and to engage in a "cannabis activity" as defined by Costa Mesa Municipal Code sec. 9-485. The permit holder shall verify that the recipient, regardless of where it is located, of any cannabis or cannabis product sold, distributed, furnished, and/or otherwise provided by or on behalf of the permit holder, possesses all required permits and/or licenses therefor.
- 8. The applicant, the property owner and the operator (collectivley referred to as "indemnitors") shall each jointly and severally defend, indemnify, and hold harmless the City, its elected and appointed officials, agents, officers and employees from any claim, legal action, or proceeding (collectively referred to as "proceeding") brought against the City, its elected and appointed officials, agents, officers or employees arising out of City's approval of the project, including but not limited to any proceeding under the California Environmental Quality Act. The indemnification shall include, but not be limited to, damages, fees and/or costs awarded against the City, if any, and cost of suit, attorney's fees, and other costs, liabilities and expenses incurred in connection with such proceeding whether incurred by the applicant, the City and/or the parties initiating or bringing such proceeding. This indemnity provision shall include the indemnitors' joint and several obligation to indemnify the City for all the City's costs, fees, and damages that the City incurs in enforcing the indemnification provisions set forth in this section.
- 9. If any section, division, sentence, clause, phrase or portion of this approval is for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining provisions.

- 10. The use shall operate in accordance with the approved Security Plan. Any changes to the Security Plan must be submitted to the Planning Division with a written explanation of the changes. If the Director determines that changes are substantial, a modification to the Cannabis Business Permit and/or amendment to the CUP may be required.
- 11. A parking management plan, including techniques described in Operational Condition of Approval No. 6, must be approved by the Director of Economic and Development Services or designee prior to any grand opening or other high volume event on the subject property.

Bldg.

12. If submitted prior to January 1, 2023, 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. The City of Costa Mesa shall begin using the 2022 California Building Code on January 1, 2023.

CBP

- 13. The operator shall maintain a valid Cannabis Business Permit and a valid Business License at all times. The Cannabis Business Permit application number associated with this address is MQ-21-20. Upon issuance, the Cannabis Business Permit will be valid for a two-year period and must be renewed with the City prior to its expiration date, including the payment of permit renewal fees. No more than one Cannabis Business Permit may be issued to this property.
- 14. The use shall operate in accordance with the approved Business Plan. Any changes to the Business Plan must be submitted to the Planning Division with a written explanation of the changes. If the Director determines that changes are substantial, a modification to the Cannabis Business Permit and/or amendment to the CUP may be required.
- 15. A Cannabis Business Permit may be revoked upon a hearing by the Director of Economic and Development Services or designee pursuant to Section 9-120 of the CMMC for failing to comply with the terms of the permit, the applicable provisions of the CMMC, State law or regulation and/or any condition of any other permit issued pursuant to this code. Revocation of the Cannabis Business Permit shall trigger the City's proceedings to revoke the Conditional Use Permit and its amendments. The Conditional Use Permit granted herein shall not be construed to allow any subsequent owner/operator to continue operating under PA-21-34

- until a valid new Cannabis Business Permit is received from the City of Costa Mesa.
- 16. A change in ownership affecting an interest of 51 or more percent, or an incremental change in ownership that will result in a change of 51 or more percent over a three year period, shall require submittal and approval of a new Cannabis Business Permit. A change in ownership that affects an interest of less than 51 percent shall require approval of a minor modification to the Cannabis Business Permit.

State

- 17. The business must obtain any and all licenses required by State law and/or regulation prior to engaging in any cannabis activity at the property.
- 18. The applicant shall obtain State License Type 10 prior to operating. The uses authorized by this Conditional Use Permit must be conducted in accordance with all applicable State and local laws, including, but not limited to compliance with the most current versions of the provisions of the California Code of Regulations that regulate the uses permitted hereby. Any violation thereof shall be a violation of the conditions of this permit and may be cause for revocation of this permit.
- 19. Suspension of a license issued by the State of California, or by any of its departments or divisions, shall immediately suspend the ability of a cannabis business to operate within the City, until the State of California, or its respective department or division, reinstates or reissues the State license. Should the State of California, or any of its departments or divisions, revoke or terminate the license of a cannabis business, such revocation or termination shall also revoke or terminate the ability of a cannabis business to operate within the City. This Conditional Use Permit will expire and be of no further force and effect if any State issued license remains suspended for a period exceeding six (6) months. Documentation of three violations during routine inspections or investigations of complaints shall result in the Community Inprovement Division scheduling a hearing before the Director of Development Services to consider revocation of the Cannabis Business Permit.
- 20. Persons under the age of twenty-one (21) years shall not be allowed on the premises of this business, except as otherwise specifically provided for by state law and CMMC Section 9-495(h)(6). It shall be unlawful and a violation of this CUP for the owner/operator to employ any person who is not at least twenty-one (21) years of age.

expunged or set aside pursuant to Penal Code sections 1203.4, 1000 or

PD 21. Every manager, supervisor, employee or volunteer of the cannabis business must submit fingerprints and other information specified on the Cannabis Business Permit for a background check by the Costa Mesa Police Department to verify that person's criminal history. No employee or volunteer may commence paid or unpaid work for the business until the background checks have been approved. No cannabis business or owner thereof may employ any person who has been convicted of a felony within the past 7 years, unless that felony has been dismissed, withdrawn,

1385, or who is currently on probation or parole for the sale, distribution, possession or manufacture of a controlled substance.

- CID 22. Should any employee, volunteer or other person who possesses an identification badge be terminated or cease their employment with the business, the applicant shall return such identification badge to the City of Costa Mesa Community Improvement Division within 24 hours, not including weekends and holidays.
 - 23. The property owner and applicant shall use "Crime Prevention Through Environmental Design" techniques to reduce opportunities for crime, loitering and encampments on the property as deemed appropriate by the Community Improvement Manager and Director of Economic and Development Services.
- Finance 24. This business operator shall pay all sales, use, business and other applicable taxes, and all license, registration, and other fees and permits required under State and local law. This business operator shall cooperate with the City with respect to any reasonable request to audit the cannabis business' books and records for the purpose of verifying compliance with the CMMC and this CUP, including but not limited to a verification of the amount of taxes required to be paid during any period.
 - 25. The following records and recordkeeping shall be maintained/conducted:
 - a. The owner/operator of this cannabis business shall maintain accurate books and records, detailing all of the revenues and expenses of the business, and all of its assets and liabilities. On no less than an annual basis, or at any time upon reasonable request of the City, the owner/operator shall file a sworn statement detailing the number of sales by the cannabis business during the previous twelve month period (or shorter period based upon the timing of the request), provided on a per-month basis. The statement shall also include gross sales for each month, and all applicable taxes paid or due to be paid.
 - b. The owner/operator shall maintain a current register of the names and the contact information (including the name, address, and telephone number) of anyone owning or holding an interest in the cannabis business, and separately of all the officers, managers, employees, agents and volunteers currently employed or otherwise engaged by the cannabis business. The register required by this condition shall be provided to the City Manager upon a reasonable request.
 - c. The owner/operator shall maintain an inventory control and reporting system that accurately documents the present location, amounts, and descriptions of all cannabis and cannabis products for all stages of the retail sale process. Subject to any restrictions under the Health Insurance Portability and Accountability Act (HIPPA), the owner/operator shall allow City officials to have access to the business's books, records, accounts, together with any other data or documents relevant to its permitted cannabis activities, for the purpose of conducting an audit or examination. Books, records, accounts, and any and all relevant data or documents will be produced no later than

- twenty-four (24) hours after receipt of the City's request, unless otherwise stipulated by the City.
- d. The owner/operator shall have in place a point-of-sale tracking system to track and report on all aspects of the cannabis business including, but not limited to, such matters as cannabis tracking, inventory data, and gross sales (by weight and by sale). The owner/operator shall ensure that such information is compatible with the City's recordkeeping systems. The system must have the capability to produce historical transactional data for review by the City Manager or designees.
- Insp. 26. The City Manager or designees may enter this business at any time during the hours of operation without notice, and inspect all areas of this business as well as any recordings and records required to be maintained pursuant to Title 9, Chapter VI or under applicable provisions of State law. It is a violaiton of this use permit for any person having responsibility for the operation of a cannabis business, to impede, obstruct, interfere with, or otherwise not to allow, the City to conduct an inspection of the business or areas within and/or associated with the business. If business areas are located behind access controlled (locked) doors, these areas shall be opened/available immediatley for inspection upon request. If areas of the business are not available to the City Manager or designees for inspection upon immediate request, the Cannabis Business Permit (CBP) shall be subject to revocation pursuant Costa Mesa Municipal Code section 9-120.
 - 27. Inspections of this cannabis business by the City will be conducted, at a minimum, on a quarterly basis. The applicant will pay for the inspections according to the adopted Fee Schedule.
 - 28. Quarterly Fire & Life Safety Inspections will be conducted by the Community Risk Reduction Division to verify compliance with the approved operation. The applicant will pay for the inspection according to the Additional Required Inspections as adopted in the Fee Schedule.
 - 29. Annual Fire & Life Safety Inspections will be conducted by the Fire Station Crew for emergency response pre-planning and site access familiarization. The applicant will pay for the inspection according to the adopted Fee Schedule.
 - 30. Pursuant to Title 9, Chapter VI, it is unlawful for any person having responsibility for the operation of a cannabis business, to impede, obstruct, interfere with, or otherwise not to allow, the City to conduct an inspection, review or copy records, recordings or other documents required to be maintained by a cannabis business under this chapter or under State or local law. It is also unlawful for a person to conceal, destroy, deface, damage, or falsify any records, recordings or other documents required to be maintained by a cannabis business under this chapter or under State or local law.

Prior to Issuance of Building Permits

- 1. Plans shall be prepared, stamped and signed by a California licensed Architect or Engineer.
- 2. The conditions of approval and ordinance or code provisions of Planning Application 21-34 shall be blueprinted on the face of the site plan as part of the plan check submittal package.
- 3. Prior to the Building Division issuing a demolition permit, the applicant shall contact the South Coast Air Quality Management District (AQMD) located at:

21865 Copley Dr.

Diamond Bar, CA 91765-4178

Tel: 909-396-2000

Or visit its website: http://www.costamesaca.gov/modules/showdocument.aspx?documentid =23381. The Building Division will not issue a demolition permit until an Identification Number is provided by AQMD.

- 4. Odor control devices and techniques shall be incorporated to ensure that odors from cannabis are not detected outside the property, anywhere on adjacent property or public right-of-way. Building and mechanical permits must be obtained from the Building Division prior to work commencing on any part of the odor control system.
- 5. Plan check submittal shall include air quality/odor control device specification sheets. Plan check submittal shall also include a bike rack, parking lot resurfacing and restriping, trash enclosure improvements, and a low water use landscape plan that complies with CMMC requirements. All tree containers shall be 24-inch box size or larger.
- 6. No signage shall be installed until the owner/operator or its designated contractor has obtained permits required from the City. Business identification signage shall be limited to that needed for identification only. Business identification signage shall not include any references to cannabis, whether in words or symbols. All signs shall comply with the CMMC.
- 7. The plans and business operator shall comply with the requirements of the 2019 California Fire Code, including the 2019 Intervening Update and referenced standards as amended by the City of Costa Mesa.
- 8. The Traffic Impact Fee as calculated by the Transportation Services Division shall be paid in full.
- 9. The applicant shall submit a lighting plan to the Planning Division for review and approval. The lighting plan shall show locations of all security lighting. As determined by the Director of Economic and Development Services or their designee, a photometric study may be required to demonstrate compliance with the following: (a) lighting levels on the property including the parking lot shall be adequate for safety and security purposes (generally, at least 1.0 foot candle), (b) lighting design and layout shall minimize light spill at the adjacent property line and at other light-

- sensitive uses (generally, no more than 0.5-footcandle at the property line), and (c) glare shields may be required to prevent light spill.
- 10. Two (2) sets of detailed landscape and irrigation plans, which meet the requirements set forth in Costa Mesa Municipal Code Sections 13-101 through 13-108, shall be required as part of the project plan check review and approval process. Plans shall be forwarded to the Planning Division for final approval prior to issuance of building permits.

Prior to Issuance of a Certificate of Use/Occupancy

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

Prior to Issuance of Cannabis Business Permit

- 1. The applicant shall contact the Planning Division for a facility inspection and provide a matrix (table) of conditions of approval explaining how each was met prior to issuance of a Cannabis Business Permit.
- 2. The applicant shall pay the public notice fee (\$1 per notice post card) and the newspaper ad publishing cost.
- 3. The final Security Plan shall be consistent with the approved building plans.
- 4. Each entrance to the business shall be visibly posted with a clear and legible notice stating the following:
 - a. That smoking, ingesting, or otherwise consuming cannabis on the premises or in the areas adjacent to the cannabis business is prohibited;
 - b. That no person under the age of twenty-one (21) years of age is permitted to enter upon the premises;
 - c. That loitering by persons outside the facility both on the premises and within fifty (50) feet of the premises is prohibited; and
 - d. The premise is a licensed cannabis operation approved by the City of Costa Mesa. The City may also issue a window/door sticker, which shall be visibly posted.
- 5. The applicant, property owner and/or the operator shall obtain and maintain at all times during the term of the permit comprehensive general liability insurance protecting the permittee in an amount of not less than two million dollars (\$2,000,000.00) per occurrence, combined single limit, including bodily injury and property damage and not less than two million dollars (\$2,000,000.00) aggregate for each personal injury liability, products-completed operations and each accident, issued by an insurance provider admitted and authorized to do business in California and shall be rated at least A-:viii in A.M. Best & Company's Insurance Guide. Such policies of insurance shall be endorsed to the name the City of Costa Mesa as an additional insured. Proof of said insurance must be provided to the Planning Division before the business commences operations. Any changes to the

- insurance policy must be submitted to the Planning Division within 10 days of the date the change is effective.
- 6. The applicant shall submit an executed Retail Cannabis Business Permit Defense and Indemnity Agreement on a form to be provided by the City.
- 7. The applicant shall post signs within the parking lot directing customers, employees and vendors to use consideration when entering their vehicles and leaving the parking lot such as no loud voices, shouting, loud music, revving car engines, slamming doors, etc. The security guard shall monitor the parking lot to prevent neighbor impacts. The language of the parking lot signs shall be reviewed and approved by the Planning Division prior to installation.

Operational Conditions

- 1. No product deliveries to the facility shall occur after 10:00 PM and before 7:00 AM.
- 2. Onsite sales is limited to the hours between 7:00 AM and 10:00 PM.
- 3. At least one security guard shall be onsite at all times.
- 4. The operator shall maintain free of litter all areas of the property under which applicant has control.
- 5. The use shall be conducted, at all times, in a manner that will allow the quiet enjoyment of the surrounding neighborhood. The operator shall institute appropriate security and operational measures as necessary to comply with this requirement.
- 6. If parking shortages or other parking-related problems develop, the business owner or operator will be required to institute appropriate operational measures necessary to minimize or eliminate the problem in a manner deemed appropriate by the Director of Economic and Development Services or designee. Temporary or permanent parking management strategies include, but are not limited to, employee shuttle service from an approved location with excess parking, reducing operating hours of the business, hiring an employee trained in traffic control to monitor parking lot use and assist with customer parking lot circulation, encouraging customers to take advantage of online ordering for a faster pick-up, limiting the number of employees that park onsite, and incentivizing employee carpooling/cycling/walking.
- 7. During their work shift, employees shall not park on residential streets or within residential neighborhoods.
- 8. The vehicle gate adjacent to the alley shall remain closed and locked except when temporary access is needed for trash collection or for other temporary property maintenance services. Customers shall not enter or exit the property through the alley at any time. KnoxBox access shall be provided to the Costa Mesa Fire Department and Costa Mesa Police Department.
- 9. All employees must wear an identification badge while on the premises of the business and/or performing deliveries, in a format prescribed by the

- City Manager or designee. When on the premises, badges must be clearly visible and worn on outermost clothing and above the waist in a visible location.
- 10. One parking stall shall be labeled for employees and vendors only. Vehicle loading and unloading shall only take place within direct unobstructed view of surveillance cameras, located in close proximity to the limited access door, as generally described in the staff report and as shown on an exhibit approved by the Director of Economic and Development Services or designee. No loading and unloading of cannabis products into or from the vehicles shall take place outside of camera view. The security guard shall monitor all on-site vendor unloading. Video surveillance cameras shall be installed on the exterior of the building with direct views of doors. Any modifications or additional vehicle unloading areas shall be submitted to the Director of Economic and Development Services or designee for approval.
- 11. The sale, dispensing, or consumption of alcoholic beverages on or about the premises is prohibited.
- 12. No outdoor storage or display of cannabis or cannabis products is permitted at any time.
- 13. Cannabis shall not be consumed on the property at any time, in any form.
- 14. The owner/operator shall prohibit loitering on and within fifty (50) feet of the property.
- 15. No cannabis or cannabis products, or graphics depicting cannabis or cannabis products, shall be visible from the exterior of the property, or on any of the vehicles owned or used as part of the cannabis business.
- 16. The owner or operator shall maintain air quality/odor control devices by replacing filters on a regular basis, as specified in the manufacturer specifications.
- 17. If cannabis odor is detected outside the building, the business owner or operator shall institute corrective measures necessary to minimize or eliminate the problem in a manner deemed appropriate by the Director of Economic and Development Services.
- 18. Cannabis liquid or solid waste must be made unusable and unrecognizable prior to leaving a secured storage area and shall be disposed of at facility approved to receive such waste.
- 19. Each transaction involving the exchange of cannabis goods between the business and consumer shall include the following information: (1) Date and time of transaction; (2) Name and employee number/identification of the employee who processed the sale; (3) List of all cannabis goods purchased including quantity; and (4) Total transaction amount paid.
- 20. Waste disposal to the exterior trash enclosure shall be limited between the hours of 8AM and 8PM to prevent noise impacts to the abutting residentially zoned property.
- 21. A parking attendant shall be required to monitor the exterior including the parking lot especially during the evening to ensure customers and vendors are using consideration (i.e. abiding by the parking lot signs as conditioned

in Cannabis Business Permit Condition No. 7) when entering or leaving the business.

-34-**139** Conditional Use Permit Letter – FLOWER FACTORY – 2332 Newport Blvd





2332 Newport Blvd

APPLICANT: Newport Blvd Enterprise LLC

Operator (dba): FLOWER FACTORY

Request: The request is for a Conditional Use Permit to allow a Cannabis Retail Storefront (Type 10) and a Cannabis Business Permit.

EXECUTIVE SUMMARY



FLOWER FACTORY is the Brand of the Measure X Permitted Operator, HIGHER GROUND at 3505 Cadillac Ave, Unit F7. HIGHER GROUND partnered with an experienced operator in MR. NICE GUY.

This Team will work together to leverage the mutual vertically integrated supply chain and benefit from MR NICE GUYS's operational experience in running quality Cannabis Retail Stores.

FLOWER FACTORY will be the brand that will be customer facing, and behind the scenes, MR NICE GUY's Standard Operating Procedures will be utilized to run a compliant Cannabis Retail Store.

The operation will be "Powered By" Mr Nice Guy's operational infrastructure:

- Back of House SOP's
- Security Plans and Security Guards
- Operational Policies
- Vertically Integrated Supply Chain Relationships and Solutions
- Management Oversight

MR NICE GUY is or soon will be operating the following assets under the MR NICE GUY or MARKETPLACE Brand:

- Dispensary Palm Springs / Lake Elsinore / Santa Ana / Moreno Valley
- Cultivation Salinas

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Conditional Use Permit Letter - FLOWER FACTORY - 2332 Newport Blvd

HIGHER GROUND HOLDINGS

<u>Measure X Partner</u>: HIGHER GROUND HOLDINGS has 2 Cultivation Licenses of 14,000 sf each operating in Coachella, and the newly Permitted Manufacturing (Packaging Type N) and Distribution facility in Costa Mesa.

The combined Team is well positioned to operate a compliant Cannabis Retail Store from a position of market strength in both quality products and best of breed compliant operations.

<u>SITE SELECTION</u>: This site was selected because of the location on Newport Blvd, and in efficient proximity to the 55 where customers can exit at Victoria, and in proximity to Victoria, the 405 and other ease of access points like Pacific Coast Highway. The Eastside is a desirable target market of locals.

Hours of Operation: 7 am to 10 pm.

Build Out: The building square footage will be reduced. Additional Parking will be introduced.

<u>Site Improvements</u>: The site will have the building reduced. A redesign of the drive approach will occur along Newport Blvd, with the introduction of a drive aisle. This will improve site circulation, allowing vehicles to enter from Newport Blvd and exit to the rear, eliminating the requirement to back into Newport Blvd to exit the property. Landscape will be introduced as well as a Bike Rack.

<u>Supply Chain:</u> This will be operated by an experienced Team that is fully integrated here in California and Oregon. Their licensed Salinas cultivation facility will transport flower via the Teams Licensed Distributor to a Licensed Santa Ana Facility to be packaged into jars and Pre Rolls. Other Licensed Facilities will package a variety of cannabis forms. The Team outsource extracting Flower into Oil, and the Oil is utilized in manufacturing House Brands. The Team has relationships with other Top Selling Brands. The Finished Packaged Goods are brought last mile from the Manufacturing / Packaging Licensed Facilities to Mr. NICE GUY by the Teams licensed Distribution vehicle. The Measure X Operator has local licensed Cultivation facilities as well as a Costa Mesa Distribution and Manufacturing licenses to support the retail operation.

<u>Target Customer:</u> The store features products manufactured by the Team's supply chain for customers seeking quality Flower, at low cost, a robust list of all cannabis product types manufactured by the Team's supply chain and a curated selection of third-party brands to meet evolving customer trends as a Neighborhood Store delivering the benefit of convenience.

<u>Operations</u>: The Team will relocate an experienced Manager from another location. Employees are hired based on criteria and characteristics they can perform and add value in a highly regulated industry. The facility is designed with Safety, Security and operational excellence. All Employees go through onboarding training, and depending on roles, various levels of ongoing training, supported by an SOP Operations Manual. Periodic meetings take place to reinforce safety, security and operations process, and a chance to report and discuss any opportunities for improvement.

The facility is designed to facilitate speed in customer orders and have a higher percentage of sales via Order Online – Pick Up In Store. One Counter will be dedicated to the Order Online / Pick Up In Store Customers who know what they want and seek an efficient transaction. One Counter Area will be allocated to a more consultative Customer experience, where a little more time can be spent on Cannabis Education.

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Conditional Use Permit Letter – FLOWER FACTORY – 2332 Newport Blvd

<u>Compliance</u>: The Operation utilizes a Point of Sale and Track & Trace technology to achieve regulatory compliance and efficiently manage the business. All cannabis and cash are entered, reported, audited, and analyzed, with discrepancies investigated and reported as necessary. The operation will implement a noncash transaction option for Retail, that reduces the amount of cash to handle, and corresponding threats.

Employees: Because of the smaller retail space footprint, this store will have fewer Employees. We will prioritize hiring locals, who can walk, bike or take public transportation with a focus on operational skill sets, trainability and demonstrated ability to deliver a quality customer experience. All efforts will be to hire local. It weaves operations into the fabric of the community, and locals can walk or bike. We will partner with the Chamber of Commerce on "Hire Local" and use temporary signs to target drive by, bike by potential employees. Cannabis jobs are good paying jobs, with opportunities for advancement and creation of careers. The Team will look to hire from Orange Coast Community College, due to success in hiring from this demographic, that are in convenient proximity to our location.

All Employees and Owners are police background checked prior to employment and issuing a badge.

Neighborhood Compatibility: The Team is an experienced operator who has successfully launched and sustained several Cannabis Retail Stores. The Team employs a "Good Neighbor Policy" by providing contact information, a commitment to discussion and issue resolution, picking up trash and having the Security Guard be a neighborhood asset. Parking exceeds requirements, therefore there are no neighborhood impacts anticipated and parking will be monitored. All surrounding properties will have a phone number to contact the Managers of the Cannabis operation. The Security Guard has responsibilities to monitor the parking lot to make sure no loitering, that trash is picked up, and specific goals to know the neighborhood and neighbors. The Guard will be a neighborhood asset. The Site is being developed to respect neighbors.

The Team held an outreach event, inviting the surrounding neighborhood and relevant parties for a meet and greet to introduce the Team, discuss questions and listen to comments.

Parking: The project is parked to code. Bike Racks will be prominently featured. The Employees will not park on site. Employees will be offered Ride Sharing vouchers if they are unable to walk, ride a bike, use public transportation. This will maximize parking for Customers.

<u>Landscaping</u>: The landscaping will introduce a new and modern pallet with drought tolerant landscaping and Trees.

<u>Walkability – Bikeability -Active Transportation</u>: This project is located on a major street with active transportation elements introduced and more planned. We have featured a Bike Rack. We will Hire Local so that employees can bike & walk. We encourage Ride Share of carpools and technology. We will have promotions to incentivize Customers to choose walking, biking, public transportation options. We will work with the City to tie into their activities to encourage and facilitate active transportation.

There is a Bus Stop directly in front of the property, on Newport Blvd.

<u>Odor</u>: HVAC and carbon filter elements are introduced to address any potential odors, with the standard, no detectable odor outside the facility. All products are finished packaged goods, which minimizes or eliminates the potential of odor.

<u>Partner with Chamber of Commerce</u>: The Team is a member of the Chamber of Commerce and sponsored the Mayor's State of the City last year. The Chamber has embraced Cannabis and is developing to key projects

© 2022 Page **3** of **4**

Conditional Use Permit Letter – FLOWER FACTORY – 2332 Newport Blvd

in support of the Cannabis Industry and Operators. 1) Hire Local: Chamber will have a portal where the Operator can list open positions. The Chamber will actively promote. 2) Shop Local: Chamber will actively promote Cannabis Retailers approved by the City.

<u>Partner with Cultural Arts Committee</u>: Operator seeks to work with the City of the Arts to introduce local artists. The specific projects are yet to be determined, the intent is to identify local artists who can produce art for the interior. Consider an approved Mural, and seek opportunities to support the Utility Box program. All ideas are welcome.

Security Plan, Technology Solutions, Process and Training: The reviewed and approved Security Plan is prepared and installed by a trusted local subject matter expert who has a dozen and a half Costa Mesa projects, and several dozen in Southern California. He and the company have the necessary credentials and experience to provide plans, systems, installations, process and training. The concept of a plan, development and implementation is the "Secure Layered Onion". The outer layer is hardened, and several layers are introduced designed to slow down and prevent unwanted access, and control access. The Perimeter has facility design in mind when developing the Site Plan and Floor Plan. Permitter lighting is added as a deterrent and to enhance external video surveillance at night. Any windows have a Security Film. All doors are secure access. Customers check in, Visitors sign in. There are specific areas Customers can go, and Limited Access Areas (properly signed) where only badged Employees or Visitors escorted by an Employee. The Cannabis and Cash are in secure storage areas, with limited access. The Security System can be remotely viewed. Other tools are motion detectors in strategic areas, 100% video surveillance saturation wherever cannabis is located (Including full coverage of external loading and unloading) panic buttons and some proprietary elements to protect people, cannabis and cash. These systems and process have manuals and are integrated into training programs.

<u>Security Plan:</u> a 117-page plan was submitted and reviewed by the City 3rd Party expert and was approved without comments. It contained a thorough demonstration of compliance with extensive narrative supported by diagrams to say and show how the operation will comply with State and City Regulations. Covered all aspects of a secure and compliant Cannabis Retail operation components like theft reduction, cash management, Morning – Start of Shift – During Shift – End of Shift SOP's. It covered both the Retail operations as well as Home Delivery.

<u>Security Guards</u>: A Security Guard will be onsite 24 hours a day, unless modified by City Council. This 3rd Party Security company has a credentialed, experienced subject matter expert ownership to facilitate the hiring and training of Guards based on a handbook of specific Standard Operating Procedures. The onsite Guard monitors the day to day operations, periodically makes rounds inside and out, oversees all unloading and loading of deliveries. The company has all the required State Licenses and Insurance.

Business Plan: A 68-page Business Plan was submitted and received approval without comments. The Plan covers vast requirements from proof of capital, a plan and budget to open and operate. Facility Diagrams. Standard Operating Procedures. Customer Check In. It covered both the Retail operations as well as Home Delivery.

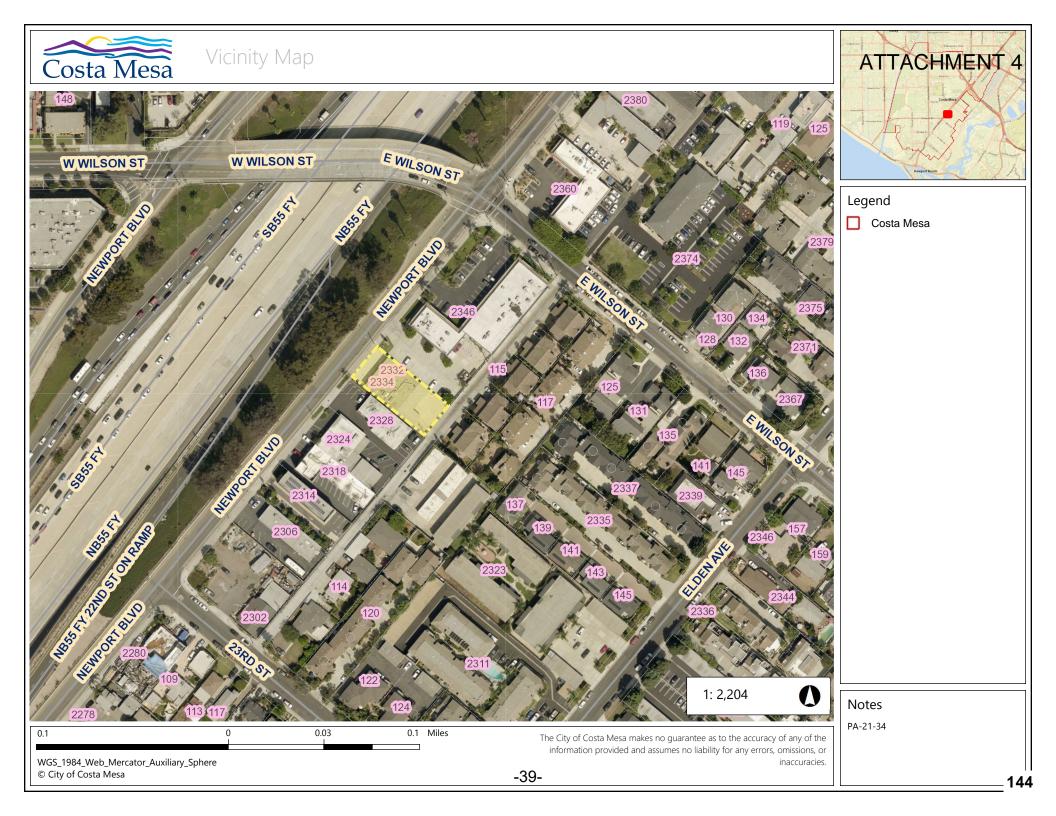
<u>Deliveries</u>: All loading and unloading will occur in a space, closest to the Secure Door dedicated to bulk packaged goods cannabis. All loading and unloading activities will be under video camera surveillance and under the supervision of the Guard.

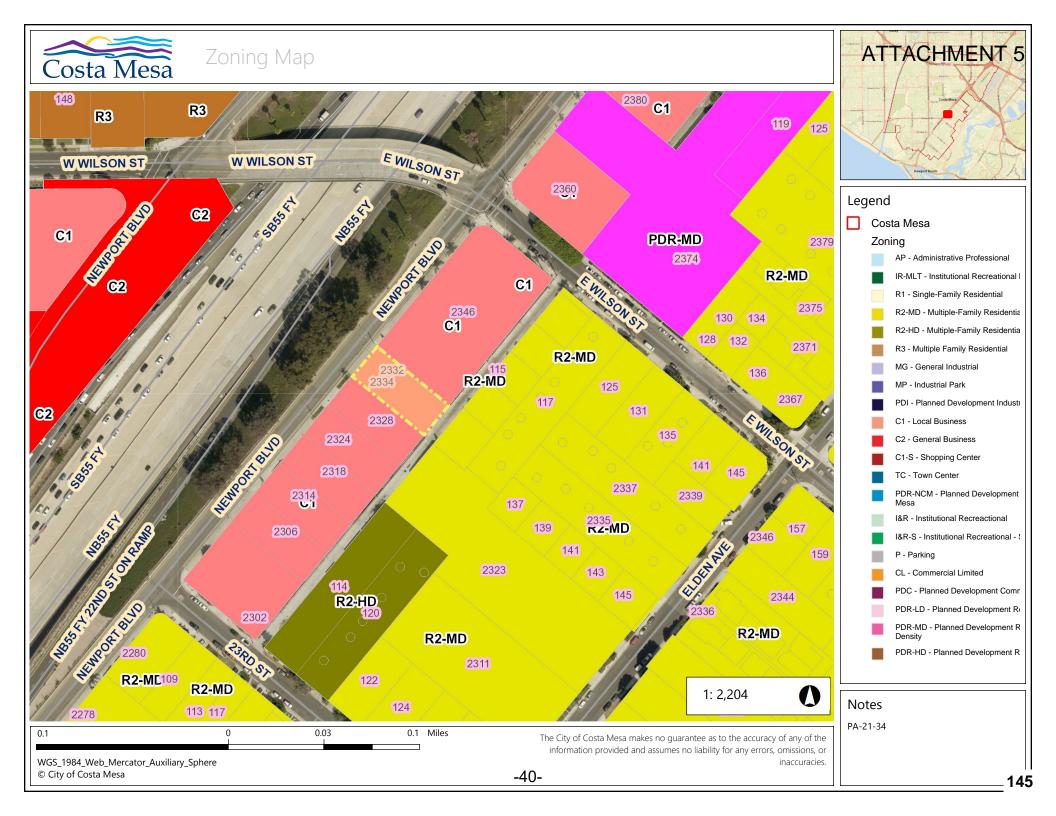
<u>Waste Management</u>: A container is located in the secure storage area, should the unlikely event of cannabis waste be created. Most would be returned to the Distributor or rendered unrecognizable and unusable, and properly disposed of.

<u>Signage</u>: Compliant internal and external signs to meet State and City requirements, and assist customers on way finding and no access areas.

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© 2022 Page 4 of 4





Site Photos



View from Newport Boulevard facing north

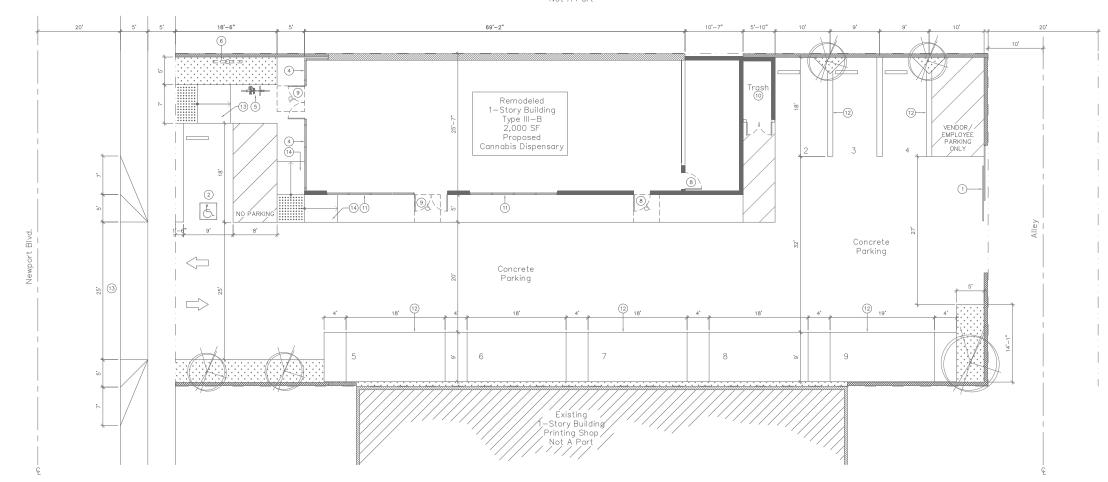


View of the alley behind 2332 Newport Boulevard facing south

ATTACHMENT 7



Existing Parking Not A Part



147

Legend:

- · · - EXISTING PROPERTY LINE, TYP. (APPROXIMATE) EXISTING CMU WALL, TYP. NEW EXTERIOR WALL, TYP.

— — → ADA PATH OF TRAVEL, TYP. PROPOSED LANDSCAPE, TYP.

EXISTING SLIDING GATES - GATE WILL REMAIN CLOSED TO CUSTOMERS - PROVIDE KNOX BOX

2 NEW ADA PARKING STALL

3 NEW GLASS SLIDING DOORS

4 EXISTING STOREFRONT SYSTEM TO REMAIN

5 NEW BIKE RACK, TYP.

6 EXISTING 48"X48" POLE SIGN - BASE AT 12' A.F.F IN NEW LANDSCAPE AREA

7 NEW STOREFRONT SYSTEM TO MATCH EXISTING

8 NEW 3'X7' METAL DOOR AND FRAME - LEVER HARDWARE

9 NEW 3'X7' STOREFRONT DOOR TO MATCH EXISTING

10 NEW TRASH ENCLOSURE CMU WALLS 6' HIGH AND METAL DOORS PAINT FINISH - PROVIDE ROOF COVER

11) NEW STOREFRONT SYSTEM TO MATCH EXISTING

12) NEW STALL STRIPING PER ZONING CODE, TYP.

UPDATE DRIVEWAY APPROACH TO MATCH CCM 514, TYP. X=5' - Y=7' - W=16-26'

14) NEW STALL CONCRETE CURB RAMP - 1:12 MAX. SLOPE

SITE SUMMARY C-1 8,940 SF 2,000 SF 2,000 SF 22% 293 SF 8 Stalls 11 Stalls 8 Stalls Zoning: Existing Site Area: Proposed Building Area: Proposed Licensed Area: Proposed FAR: Proposed Landscape: Required Parking:

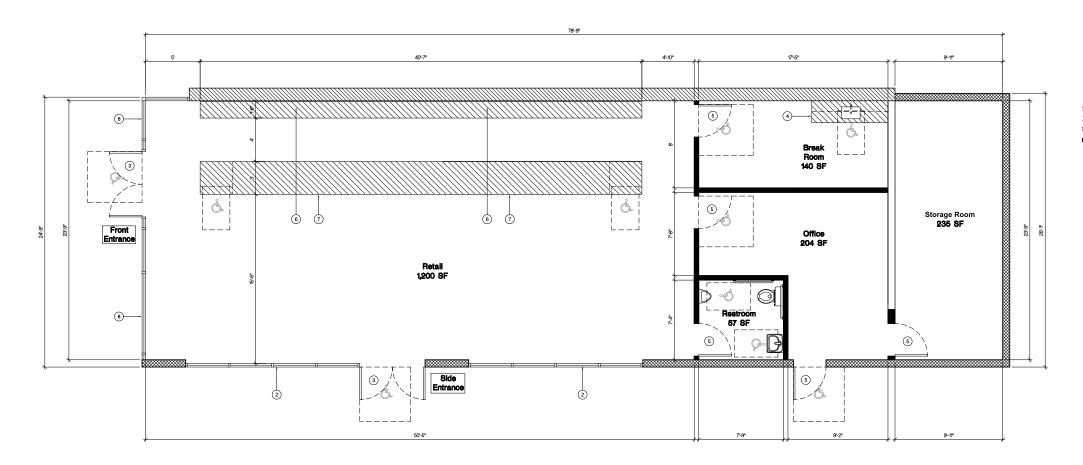
2332 Newport Blvd. Costa Mesa, CA. 92627

| Issued For | Date |
|-------------------|------------|
| Client Review Set | 04-27-2021 |
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| File No.: | A-1.2 |
|-----------|------------|
| Job No.: | 2113A |
| Drawn By: | Staff |
| Date: | 04-20-2021 |
| Scale: | As Shown |







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EXSTING CONCRETE BULDING WALL, TYP.
EXSTING EXTERIOR WALL, TYP.
NEW EXTERIOR WALL STUCCO, TYP.
NEW NON-BEARING INTERIOR WALL, TYP.

EXISTING ELECTRICAL METERS

2 NEW STOREFRONT SYSTEM TO MATCH EXISTING

3 NEW 3x7 STOREFRONT DOORS

NEW UPPER AND LOWER CABINETRY WITH STONE TOP KITCHEN SINK WITH GARBAGE DISPOSAL

NEW 3X7' WOOD METAL WITH METAL FRAME - LEVER HARDWARE

NEW WALL DISPLAY, TYP.

7 NEW SALES COUNTER, TYP.

EXISTING STOREFRONT SYSTEM

Cannabis Dispensary Tenant Improvements 2332 Newport Bivd. Costa Mesa, CA. 92627

| Issued For | Date |
|-------------------|------------|
| Client Review Set | 04-27-2021 |
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These drawings are the property of Frank Martinez.

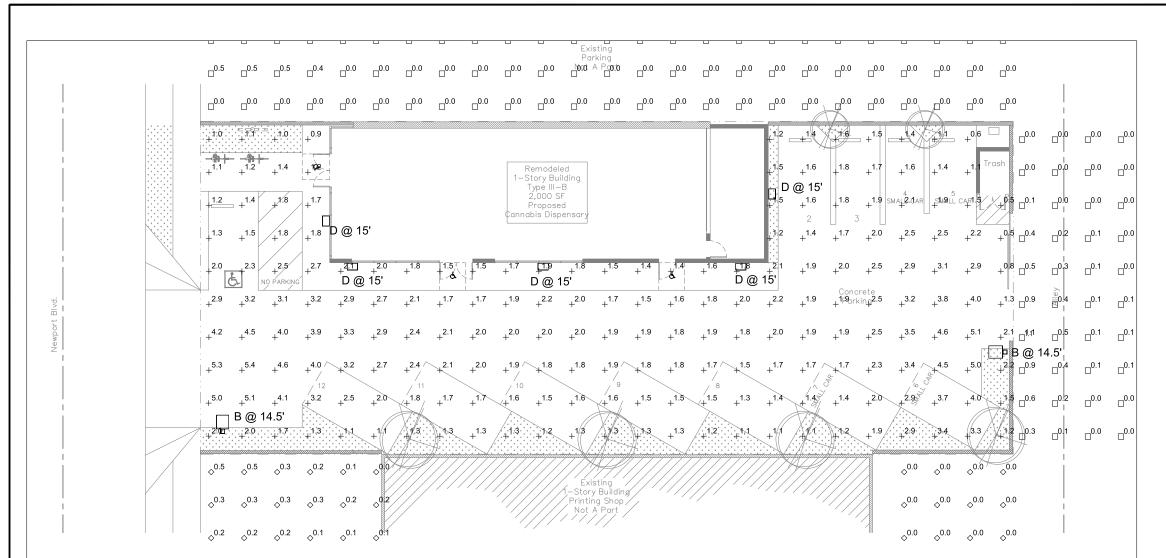
All design ideas and information on these drawings are the property of Frank Martinez and can not be copied or disclosed without written permission from Frank Martinez.

| File No.: | A-12 |
|-----------|------------|
| Job No: | 2113A |
| Drawn By: | Staff |
| Date: | 04-20-2021 |
| Scale: | As Shown |

PROPOSED FLOOR PLAN



A-2.2



TO BE REVISED TO APPROVED SITE PLAN





Project #: 221



5515 San Fermando Miccion Rhof Suite 0 Miccion Hills (4 913

Cannabis Dispensary Tenant Improvements 2332 Newport Blvd. Costa Mesa, CA. 92627

| Issued For | Date |
|-------------------|------------|
| Client Review Set | 04-27-2021 |
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| File No.: | |
|-----------|------------|
| Job No.: | 2113A |
| Drawn By: | Staff |
| Date: | 04-20-2021 |
| Scale: | As Shown |
| | |

SITE PHOTOMETRIC PLAN

SPH-1



Lumens Per Lamp

4300

6543

Light Loss Factor

0.9

0.9

Wattage 32.1375

32.1375

51.34

| 1 | Statistics | | | | | | |
|---|---------------------------------|------------|--------|--------|--------|---------|---------|
| | Description | Symbol | Avg | Max | Min | Max/Min | Avg/Min |
| 1 | ALLEY @ 0' A.F.G. | | 0.2 fc | 1.1 fc | 0.0 fc | N/A | N/A |
| l | NORTH PROPERTY LINE @ 0' A.F.G. | | 0.1 fc | 0.5 fc | 0.0 fc | N/A | N/A |
| 1 | SITE @ 0' A.F.G. | + | 2.1 fc | 5.4 fc | 0.5 fc | 10.8:1 | 4.2:1 |
| | SOUTH PROPERTY LINE @ 0' A.F.G. | \Diamond | 0.1 fc | 0.5 fc | 0.0 fc | N/A | N/A |

Schedule

Α

D

В

Quantity

Manufacture

Lithonia Lighting

ithonia Lighting

Catalog Number

WDGE2 LED P3 30K 80CRI TFTM

WDGE2 LED P3 30K BOCRI TFTM

RSX1 LED P1 30K R4

WDGE2 LED WITH P3 - PERFORMANCE PACKAGE, 3000K, 80CRI, TYPE FORWARD

WDGE2 LED WITH P3 - PERFORMANCE PACKAGE, 3000K, 80CRI, TYPE FORWARD THROW MEDIUM OPTIC

RSX Area Fixture Size 1 P1 Lumen Package 3000K CCT Type R4 Distribution

HROW MEDIUM OPTIC

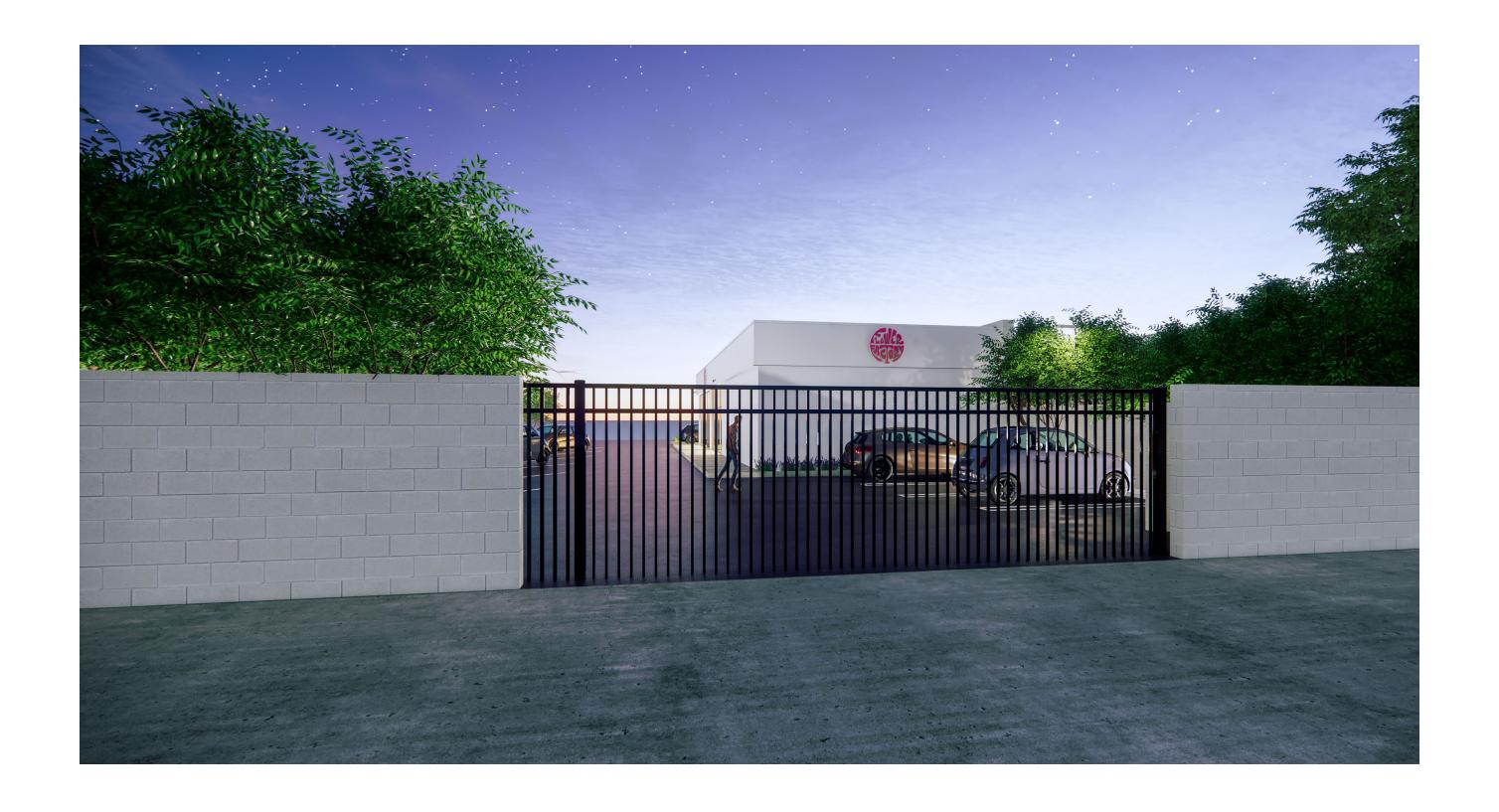


-45-

15C



-46-



-47-

HUYNH, NANCY

From: HALLIGAN, MICHELLE

Sent: Monday, November 21, 2022 1:32 PM

To: staart94@msn.com
Cc: HUYNH, NANCY

Subject: RE: Application # PA-21-34

Good afternoon,

Thank you for your comments and questions. All cannabis business permit applicants in Costa Mesa are required to provide a professionally prepared Security Plan that must be reviewed and approved by the City's cannabis consultant. If PA-21-34 is approved, the business will be required to have at least one licensed security guard on the property at all times, even when the business is closed, and to implement their approved Security Plan. Security personnel must be licensed by the State of California. As for securing adjacent properties, CMMC Title 9-495(g)(11) states that "The owner and/or operator of a cannabis business shall prohibit loitering by persons outside the facility both on the premises and within fifty (50) feet of the premises." See Costa Mesa Municipal Code Title 9-495(b), (g), and (h) for more local regulations related to securing cannabis storefronts.

https://library.qcode.us/lib/costa mesa ca/pub/municipal code/item/title 9-chapter vi-9 495

If PA-21-34 is approved, the building shall be reduced from approximately 3,700 square feet to 2,000 square feet to create space for a two-way drive aisle and parking stalls (10 spaces and a bike rack). The staff report, resolution with proposed conditions of approval, and project plans will be available in the November 28, 2022 Planning Commission agenda packet. It should be posted to the City's website on Tuesday (tomorrow): https://costamesa.legistar.com/Calendar.aspx

You can also sign up for e-mail notifications for Planning Commission agendas. Complete the online form and select "Planning Commission Meetings": https://www.costamesaca.gov/city-hall/city-departments/communications-and-marketing/sign-up-for-e-notifications

Michelle



Michelle Halligan
Planning Contractor

Development Services Department

Cannabis line (714) 754-4902 | cannabis@costamesaca.gov

Direct (714) 754-5608

https://www.costamesaca.gov/hot-topics/cannabis/cannabis-permitting-process

"The City of Costa Mesa serves our residents, businesses and visitors while promoting a safe, inclusive, and vibrant community."

City Hall is open to the public 8:00 a.m. to 5:00 p.m. Monday through Thursday and alternating Fridays, except specified holidays.

Appointments can be made online at www.costamesaca.gov/appointments.

Please note that It is required that all guests check in with our Concierge Staff, located on the 1st Floor Lobby, upon arrival at City Hall.

From: bill ross < staart94@msn.com >

Sent: Saturday, November 19, 2022 1:13 PM

To: PLANNING INFO < planninginfo@costamesaca.gov >

Subject: Application # PA-21-34

We would like additional information about the retail cannabis location over-site you are proposing.

Will they have FULL-TIME on-site security people to monitor the parking areas and outside

<u>walkways?</u> (We are located in the shopping center at Newport & Wilson -- have a problem now with people using our parking lots to get high.)

(Costa Mesa business license department has already allowed a (glass pipe location) in our shopping center.

People are going to purchase their cannabis supplies and then come into our center to smoke their "weed" with supplies from the Smoke Shop'.

(glass pipes and other supplies needed to smoke their cannabis)

Will they control the parking to their lot only?

Our parking lot is marked to be used by our customers (2346 Newport). We already have people visiting their location and parking in our back lot.

Question - Will they request their customers to move into their parking lot? They only have 4 or 5 parking spaces -- will their employees' park off-site?

Please ask yourself one question.

Would you like to have people getting high in <u>your front yard?</u> Would you like to clean up after them? Every day when we come to our store (home for 8 to 10 hours a day) and have to pick up what the "homeless" and drug users leave in the parking lot.

We have blankets, used clothes, and drug pipes in front of our door along with their food and drinks.

Do you want people asking you for money for "food"--weed (cannabis) when you shop? Our customers deserve more than having to face that problem every day.

Again I ask. Do you want your front yard full of people and all the things they might bring with them to get high on? Do you want to clean up after them?

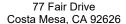
Please understand our problem before you approve this application.

The Starving Artist 2346 B!, Newport Blvd

P.S. We would like your reply before the meeting on the 28th.

Sent from Outlook

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





City of Costa Mesa Agenda Report

File #: 22-964 Meeting Date: 11/28/2022

TITLE:

PLANNING APPLICATION 22-21 FOR A RETAIL CANNABIS STOREFRONT BUSINESS LOCATED AT 2001 HARBOR BOULEVARD, SUITES 101-103 (SOUTH COAST SAFE ACCESS)

DEPARTMENT: ECONOMIC AND DEVELOPMENT SERVICES DEPARTMENT/ PLANNING DIVISION

RECOMMENDATION:

Staff recommends the Planning Commission adopt a Resolution to:

- 1. Find that the project is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) per CEQA Guidelines Section 15301 (Class 1), Existing Facilities; and
- 2. Approve Planning Application 22-21, subject to conditions of approval.



PLANNING COMMISSION AGENDA REPORT

MEETING DATE: NOVEMBER 28, 2022 ITEM NUMBER: PH-3

SUBJECT: PLANNING APPLICATION 22-21 FOR A RETAIL CANNABIS

STOREFRONT BUSINESS LOCATED AT 2001 HARBOR

BOULEVARD, SUITES 101-103 (SOUTH COAST SAFE ACCESS)

FROM: ECONOMIC AND DEVELOPMENT SERVICES DEPARTMENT/

PLANNING DIVISION

PRESENTATION BY: MICHELLE HALLIGAN, CONTRACT PLANNER

FOR FURTHER MICHELLE HALLIGAN

INFORMATION 714-754-5608

CONTACT: MICHELLE.HALLIGAN@COSTAMESACA.GOV

RECOMMENDATION

Staff recommends the Planning Commission adopt a Resolution to:

 Find that the project is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) per CEQA Guidelines Section 15301 (Class 1), Existing Facilities; and

2. Approve Planning Application 22-21, subject to conditions of approval.

<u>APPLICANT OR AUTHORIZED AGENT</u>

The applicant/authorized agent is Randall Longwith on behalf of Access Costa Mesa, Inc. dba South Coast Safe Access, and the property owner, Vaccher Family Trust.

-1- 156

PLANNING APPLICATION SUMMARY

| Location: | 2001 Harbor Boulevard, Suites 101- | Application Number: | PA-22-21 |
|-----------|--|---------------------|----------|
| | 103 | | |
| Request: | Planning Application 22-21 for a Conditional Use Permit for the establishment of a cannabis retail | | |
| | storefront in the C2 (General Business District) zone. | | |

SUBJECT PROPERTY:

SURROUNDING PROPERTY:

| COBOLOT I NOI ENTT: | | CONTROUNDING FIRST LIKE IT. | | |
|---------------------|--|-----------------------------|------------------------------------|--|
| Zone: | C2 (General Business | North: | C2 (General Business District) | |
| | District) | | | |
| General Plan: | General Commercial | South: | C2 (General Business District) | |
| Lot Dimensions: | 124.36' x 363.40' | East: | R2-HD (Multiple-Family Residential | |
| | | | District, High Density) | |
| Lot Area: | 45,192 Sq. Ft. | West: | C1 (Local Business District) | |
| Existing | 15,139 sq. ft. first floor, 5,947 sq. ft. second floor (21,086 sq. ft.) two-story multi-tenant | | | |
| Development: | commercial building | | | |

DEVELOPMENT STANDARDS COMPARISON

| Development Standard | Required/Allowed C2 Zone | Proposed/Provided |
|---------------------------|-----------------------------|------------------------|
| Building Height | 2 stories/30' | 2 stories/30' |
| Setbacks: | | |
| Front | 20' | 20' |
| Side | 0'/15' | 0'/76' |
| Rear | 0' | 25' |
| Landscape Setback – front | 20' | 20' |
| Parking | 66 spaces ¹ | 67 spaces ² |
| Floor area ratio (FAR) | 0.20 | 0.473 |

¹ PA-86-130 allowed the construction of the building with a variance decreasing the required parking by 18 stalls. 66 spaces are required per PA-86-130.

³ The existing FAR is legal non-conforming, as discussed below.

| The exicting Tru | The exicting Trace legal nerr combining, ac alcoaced below: | | |
|------------------|--|--|--|
| CEQA Status | Exempt per CEQA Guidelines Section 15301 (Existing Facilities) | | |
| Final Action | Planning Commission | | |

BACKGROUND

The subject property is located at 2001 Harbor Boulevard. The approximate one-acre midblock property is located on the west side of Harbor Boulevard, bounded by Charle Street to the west. The nearest cross streets are Hamilton Street to the north and Bernard Street to the south. The site is zoned C2 (General Business District) and is surrounded by C2 zoned properties to the north and south. Other commercial properties, zoned C1 (Local Business District), are located across Harbor Boulevard to the east. Residential properties, zoned R2-HD (Multiple-Family Residential District, High Density) are located across Charle Street to the west. The site has a General Plan Land Use Designation of General Commercial.

² The proposed parking includes 66 spaces and bicycle racks for a credit of one parking stall, for 67 spaces total.

Existing development on the subject property consists of a two-story, 21,086-square-foot commercial building. The first floor includes 4,667 square feet of retail/office space and a 6,752-square-foot warehouse. The second floor includes 5,947 square feet of retail/office space. A 66-space surface parking lot with ingress/egress on Harbor Boulevard and Charle Street is shared by the existing businesses. Planning Application 86-130 allowed the construction of the current building as well as a variance from parking requirements due to the unique characteristics of an approximately 6,700-square-foot warehouse operation in the rear of the building.

The proposed retail establishment, "South Coast Safe Access," would occupy suites 101, 102 and 103, a 3,720-square-foot area of the first floor, adjacent to Harbor Boulevard. The subject suites are currently vacant and were previously occupied by a Pilates studio.

In June of 2019, the Costa Mesa Police Department, in coordination with Code Enforcement and other City staff, conducted an on-site investigation of an illegal cannabis establishment at the subject site and closed the unpermitted business at this location. Pursuant to CMMC Section 13-200.93(e)(4), "If an unpermitted and/or illegal cannabis activity has existed on a property no cannabis business may be permitted on that property unless three hundred sixty-five (365) days has elapsed since that unpermitted and/or illegal cannabis activity has vacated the property, and the owner of that property has compensated the City for any and all expenditure of public funds and resources, including all costs, expenses (including, but not limited to, the salaries of peace and/or code enforcement officers) and/or attorney's fees, incurred in investigating, abating or attempting to abate the unpermitted use or uses, whether or not any type of civil, criminal or administrative proceedings have been commenced against the property, provided however if the owner of the property is required to evict that use, the three hundred sixty-five (365) days shall begin to run from the date of the filing of an unlawful detainer complaint, in which case the a permit may be issued after the three hundred sixty-five (365) days had elapsed and that use is no longer occupying the property". Staff have confirmed that the unpermitted cannabis use has been vacated for more than one year, and that the City has since been compensated for the expenditure of public funds as required by Section 13-200.94(e)(4).

Current other uses in the building include electronics sales, repair, and warehousing, offices, and counseling for individuals, families, and groups. On October 26, 2020, the Planning Commission approved Zoning Application 20-07, a Minor Conditional Use Permit for the counseling use located in suites 200, 210, and 220. The counseling use is subject to conditions of approval, including providing shuttle services for group counseling clients.

The property is located on one of the City's primary commercial corridors and the surrounding uses predominantly include multi-tenant commercial centers. Existing businesses in these commercial centers generally include an abundance of automotive uses, pharmacies, medical offices, and restaurants. The far end of the subject property abuts Charle Street, which is developed with multifamily residences. The nearest

residentially zoned properties (R2-HD, Multi-Family High Density) are located across Charle Street. However, the proposed storefront is located in the tenant suites closest to Harbor Boulevard, which is approximately 350 away from the residential zone. In addition, other commercial tenants and the parking lot of the subject property further separate the residentially zoned properties along Charle Street from the proposed storefront.

There are no open Code Enforcement cases on the subject property.

The storefront operator has partnered with a Measure X operator, CMX Distribution, Inc. Planning Application 17-40, the CUP for CMX Distribution, Inc., was approved by the Planning Commission on February 26, 2018. The operator received a Cannabis Business Permit on March 21, 2018. There are no active Code Enforcement cases at the Measure X facility.

Non-Conforming Development

The existing development does not meet Code requirements in terms of the parking and floor area ratio (FAR). Both the parking variance and FAR were approved through Planning Application 86-130. Pursuant to Costa Mesa Municipal Code (CMMC) Section 13-204, a conforming use may be located on a nonconforming property so long as the new site modifications do not result in greater site nonconformities. In addition, if the site is legal non-conforming in regards to parking, a use may not be replaced with a use that requires more parking, unless additional parking is provided pursuant to the CMMC.

The variance established an allowed 18-stall reduction in required parking based on the reduced parking demand of 6,700 square feet of warehousing operations for an electronics business. The remaining portions of the building were parked at a ratio of four spaces per 1,000 square feet of gross floor area, which is consistent with the required parking ratio for a cannabis storefront establishment.

Improvements would be made to bring this structure into compliance with current building and safety codes; however, and as specifically allowed by the CMMC, the existing site nonconformities can remain pursuant to the City's legal nonconforming provisions and pursuant to PA 86-130. The applicant is proposing to bring the property into closer conformance by providing additional site landscaping.

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

In November 2016, Costa Mesa voters approved Measure X, allowing medical cannabis manufacturing, packaging, distribution, research and development laboratories, and testing laboratories in "Industrial Park" (MP) and "Planned Development Industrial" (PDI) zoned properties north of South Coast Drive and west of Harbor Boulevard ("The Green

Zone," excluding the South Coast Collection property located at 3303 Hyland Avenue). Measure X is codified in Titles 9 and 13 of the CMMC.

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

On November 3, 2020, Costa Mesa voters approved Measure Q, the Costa Mesa Retail Cannabis Tax and Regulation Measure. This measure allowed the City to adopt regulations permitting 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.

Cannabis Business Permit (CBP) Application Process

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

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

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

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

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

The applicant successfully passed these evaluations and staff issued a "CBP Notice to Proceed," which allows the applicant to submit a CUP application.

The CUP application and required supportive materials were submitted by the applicant and reviewed for conformance with City standards and regulations by the Planning Division, Building Division, Public Works Department (including Transportation and Engineering Divisions), Fire Department, and Police Department.

If the Planning Commission approves the CUP, the applicant may then begin the remaining steps of the CBP process, which include:

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

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

After obtaining the CBP, the applicant would apply for and obtain a City Business License through the Finance Department. Lastly, the applicant must obtain the appropriate license from the State Department of Cannabis Control (DCC) prior to operating.

Cannabis retail businesses are subject to a City established seven-percent gross receipts tax, which must be paid to the City of Costa Mesa's Finance Department. Records and revenues are audited annually by the Finance Department and HdL Companies.

DESCRIPTION

Planning Application 22-21 is a request for a Conditional Use Permit (CUP) to allow a 3,720 square-foot retail cannabis storefront on the first floor of an existing two-story multi-tenant commercial building. The affiliated State license is a Type 10 "storefront retailer" license, which also allows for retail cannabis delivery. However, the applicant is proposing a retail storefront without delivery to customers. Upon approval of a CUP, CBP, City Business License, and State license, the business would sell pre-packaged cannabis and pre-packaged cannabis products directly to customers onsite, subject to conditions of approval and other City and State requirements. The proposed business operations are from 7 AM to 10 PM daily. Should the storefront wish to offer delivery services in the future, an amendment to the CUP would be required.

ANALYSIS

Conditional Use Permit Required

Pursuant to CMMC Sections 13-28(B) and 13-200.93(c)(1), subject to the approval of the Planning Commission, a CUP is required for the establishment of cannabis retail storefronts in a commercial zone. The subject site is located within a commercial zone (C2 – General Business District) where commercial development is allowed to include retail storefronts. As defined in the CMMC, "This [C2] district is intended to provide for those uses which offer a wide range of goods and services which are generally less compatible with more sensitive land uses of a residential or institutional nature." Pursuant to the CMMC, cannabis retail storefronts are subject to extensive regulation (as specifically described in this report). These regulations are adopted to prevent land use inconsistencies with adjacent properties. Pursuant to the CMMC, the approval of a CUP requires that the Planning Commission make findings related to neighborhood compatibility, health and safety and land use compatibility. The detailed analysis regrading CUP findings is provided further below in this report. Lastly, staff has drafted specific conditions of approval, included in the Resolution, to ensure site-specific land use compatibility.

Separation Requirements

CMMC Section 13-200.93(e) stipulates that no cannabis retail storefront use shall be located within 1,000 feet from a K-12 school, playground, licensed child daycare, or homeless shelter, or within 600 feet from a youth center as defined in CMMC Title 9, Chapter VI, Section 9-485, that is in operation at the time of submission of a completed cannabis business permit application. All separation distances are measured in a straight line from the "premises" where the cannabis retail use is to be located to the closest property line of the sensitive use(s). Premises is as defined in the State's Business and Professions Code Section 26001(aq) as the designated structure or structures and land specified in the application that is owned, leased, or otherwise held under the control of the applicant or licensee where the commercial cannabis activity will be or is conducted. The premises shall be a contiguous area and shall only be occupied by one licensee. Therefore, the premises only includes the retail cannabis activity areas (including sales, storage, back-of-house and/or other ancillary areas) and excludes the parking lot and other areas that are not part of the area licensed by the State for commercial cannabis activity. The subject site complies with the required separation from sensitive uses.

Exterior Tenant Improvements

The applicant is proposing only minor changes to the exterior, which include installing bicycle racks, surveillance cameras, shielded security lighting, resealing and restriping the parking lot, and new business signage (signs would be reviewed and permitted separately per CMMC requirements). A preliminary lighting plan has been provided and would be reviewed further during the plan check process, as conditioned. As conditioned, the landscaped areas throughout the parking lot would be improved with the addition of drought tolerant groundcover. The lawns along Harbor Boulevard would be replaced with drought tolerant plants. As conditioned, at least 75 percent of the front landscape would be required to be planted with live groundcover. Rocks and other ground cover deemed

acceptable by the Planning Division may constitute the remaining 25 percent. A detailed landscaping plan would be reviewed during the plan check permitting process.

Interior Tenant Improvements

The proposed interior improvements include constructing demising walls and adding a door to an existing wall to create a connection from the proposed public area to the proposed "back of the house" area. The proposed areas where customers would be allowed include the reception area/check-in, retail sales floor, and restrooms. The proposed and restricted "back-of-house" areas include an employee entry room, office, break room, restroom, and storage. A summary of the spaces within the proposed floor plan is provided in Table 1.

Table 1 – Floor Plan Summary

| Operational Area | Square Feet |
|--------------------|-------------|
| Reception/Check-In | 655 |
| Retail Sales Area | 1,769 |
| Restrooms | 193 |
| Employee Entry | 122 |
| Office | 499 |
| Break Room | 213 |
| Employee Restroom | 99 |
| Other | 170 |
| Total | 3,720 SF |

Customer and Employee Access

Customers would only be allowed in the reception/check-in area, retail sales area, and customer restroom. Customer access to the proposed establishment includes entering the licensed premise through a designated entrance door that faces the parking lot. An employee would verify the customer's identity and age in the reception area before allowing the customer to enter the retail sales floor. After a customer's identity and age is verified and their transaction is completed, they must leave the premise through a designated exit door that faces the parking lot. As further conditioned, a security guard would monitor the area at all times to ensure that customers are following regulations.

All other areas of the premises would be accessible only to employees with the proper security credentials. Employees would enter through the access-controlled entrance located west of the public entrance and exit.

Vendor Access

During business hours, vendor vehicles (such as licensed distributor vehicles that are used for delivering products to retail stores) would park in the surface parking lot. As conditioned, vendors would use the designated loading/unloading spaces located closest to the access-controlled vendor entry, which is approximately 60 feet from the door. All deliveries will have pre-committed arrival times set by the cannabis store operational managers. In addition, the security guard would monitor the vendor vehicle until the loading/unloading activity has been completed and the vehicle departs the facility. As conditioned, the access-controlled vendor entry door, path of travel, and vehicle loading/unloading area would be under camera surveillance at all times. Vendors would only be allowed to enter the premise through the limited access entrance while accompanied by an employee with the proper security credentials.

Storefront Operations

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

- Display State license, CBP, and City business license in a conspicuous building location;
- Business hours of operation are from 7:00 AM and 10:00 PM daily;
- Shipments of cannabis goods may only be accepted during regular business hours (7:00 AM and10:00 PM daily);
- Vehicle gate in the rear of the property, adjacent to Charle Street, shall be closed and locked between the hours of 6:00 PM and 8:00 AM;
- Cannabis inventory shall be secured using a lockable storage system during nonbusiness hours:
- At least one licensed security guard shall be on premises 24-hours a day;
- The premises and the vicinity must be monitored by security and/or other staff to
 ensure that patrons immediately leave and do not consume cannabis onsite or
 within close proximity. The CMMC prohibits the consumption of cannabis or
 cannabis products in public areas; cannabis consumption is limited to non-public
 areas, such as within a private residence. State law further prohibits cannabis
 consumption and open container possession within 1,000 feet of sensitive uses
 and while riding in or driving a vehicle;
- There must be continuous video monitoring and recording of the interior and exterior of the premises;
- Adequate security lighting shall be provided and shall be designed to prevent offsite light spill;
- Onsite sales of alcohol or tobacco products and on-site consumption of alcohol, cannabis, and tobacco products is prohibited;
- No one under the age of 21 is allowed to enter the premises. If the business holds a retail medical cannabis license (M-license) issued by the State, persons over the age of 18 may be allowed with the proper medical approvals i.e. physician's recommendation or medical card pursuant to CMMC Section 9-495(h)(6);

- Prior to employment, all prospective employees must successfully pass a background check conducted by the City, and the employee must obtain a City issued identification badge;
- Customers are only granted access to the retail area after their age and identity has been confirmed by an employee;
- Each transaction involving the exchange of cannabis goods between the business and consumer shall include the following information:
 - Date and time of transaction;
 - Name and employee number/identification of the employee who processed the sale:
 - List of all cannabis goods purchased including quantity; and
 - Total transaction amount paid.
- There must be video surveillance of the point-of-sale area and where cannabis goods are displayed and/or stored;
- Cannabis products shall not be visible from the exterior of the building;
- Free samples of cannabis goods are prohibited;
- When receiving new inventory from licensed distributors, employees will verify the
 distributor's identity and license prior to allowing them to enter the facility through
 an access-controlled door. After distributor's credentials have been confirmed, an
 employee will escort the distributor to the appropriate interior location and remain
 with them throughout the process.
- Cannabis goods to be sold at this establishment must be obtained by a licensed cannabis distributor and have passed laboratory testing;
- Cannabis product packaging must be labeled with required test results and batch number; and
- Packaging containing cannabis goods shall be tamper and child-resistant; if packaging contains multiple servings, the package must also be re-sealable.

Business Plan

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

Security Plan

The applicant has submitted a professionally prepared security plan for the proposed retail cannabis establishment. The City's cannabis consultant reviewed the security plan and determined that appropriate security measures were included to address the City's security requirements pursuant to CMMC Title 9, Chapter VI, and State law.

Since the security plan contains sensitive operational details that require limited public exposure to remain effective, the plan is not included as an attachment. However, the

following is a list of general security measures that are required for the proposed cannabis retail establishment:

- At least one security guard will be on-site 24-hours a day;
- All employees must pass a "Live Scan" background check;
- City-issued identification badges are required for employees;
- An inventory control system shall be maintained;
- Exterior and interior surveillance cameras shall be monitored and professionally installed;
- An alarm system shall be professionally installed, maintained, and monitored;
- Surveillance footage must be maintained for a minimum of 90 days;
- Cash, cannabis, and cannabis products shall be kept in secured storage areas;
- Sensors shall be installed that detect entry and exit from all secured areas;
- Security lighting (interior and shielded exterior) shall be installed;
- Emergency power supply shall be installed;
- Employees shall be trained for use with any/all emergency equipment;
- Employees and vendors will be trained regarding cash and product transportation protocol;
- Visitor/customer specific security measures shall be required; and
- All facility entry and exit points and locations where cash or cannabis products are handled or stored shall be under camera surveillance.

Parking and Circulation

Retail cannabis establishments are subject to the same parking ratio as other retail businesses in the City (four spaces per 1,000 square feet of gross floor area). Based on this ratio, the 3,720-square-foot establishment would be required to provide 15 onsite parking spaces. If the entire 21,086-square-foot building were occupied by retail uses, the building would need to be served by 84 onsite parking spaces. However, a parking variance was granted that reduces the required parking on the subject property. Planning Application 86-130 included a variance to reduce the required parking by 18 spaces due to the unique characteristics of an approximate 6,700-square-foot warehouse space within the building. Therefore, the required parking on the subject property is 66 stalls. The applicant also proposes to add a bicycle rack, which would be credited as one standard parking space. With the proposed bicycle rack, there would be 67 parking stalls proposed onsite. Furthermore, the existing warehouse use would continue to be used for warehousing only and not be part of the proposed storefront business. The storefront would be replacing a previously approved fitness studio use which has a higher parking requirement than retail. As such, the parking requirement for the proposed storefront is less than the previous use, which would reduce the required parking demand compared to previous conditions.

Although Planning staff observed ample parking availability at the site and the proposed parking configuration exceeds the required parking by one stall, the applicant included a draft Parking Mitigation Plan with the application. If a parking shortage occurs in the future, the applicant proposes to provide an employee-only shuttle service from a

cannabis distribution facility located two miles away in Costa Mesa's "Green Zone." As conditioned, if parking shortages or other parking problems occur, the owner/operator would be required to institute appropriate operational measures necessary to minimize or eliminate the problem in a manner deemed appropriate by the Director of Economic and Development Services. Examples of parking demand management techniques include, but are not limited to, offsite parking for employees, reducing operating hours of the business, offering discounts for online and phone orders to expedite order pick-up, and incentivizing employee carpooling/cycling/walking.

Vehicular access to the site is provided by two existing, two-way driveways. One is located off Harbor Boulevard and the other is off Charle Street. As conditioned, the vehicle gate adjacent to Charle Street would be closed and locked between the hours of 6 PM and 8 AM. During that timeframe, access to the site would only be available via Harbor Boulevard. Pedestrian access to the site is provided by the sidewalk along Harbor Boulevard and the sidewalk along Charle Street. The proposed bike racks would be located in between the storefront entrance and Harbor Boulevard to encourage cycling to to the establishment.

Traffic

The CMMC Section 13-275(e) indicates that any increase in traffic generation by a change of use that is required to obtain a discretionary permit, shall be subject to review by the appropriate reviewing authority, which may impose fees to address increased trip generation. If required, the fee collected is used to fund the City's comprehensive transportation system improvement program. The purpose of the program is to ensure that the City's transportation system has the capacity to accommodate additional trips. The Citywide Traffic Impact Fees on new and expanding developments is determined using estimated Average Daily Trips (ADT), which is the total number of vehicular trips both in and out of a development generated throughout an average weekday. The Transportation Services Division determined that the appropriate ADT for a cannabis retail establishment is approximately 108 trips per 1,000 square feet based on the Institute of Transportation Engineers (ITE) 11th Edition Trip Generation Manual for a pharmacy/drug store with drive-through. The City's traffic engineering review focuses on net trip increase for both the ADT and peak hour trips. Therefore, the trip generation is estimated for the previous use and is credited (subtracted) from the proposed use to estimate potential changes in trip generation for ADT and peak hour trips. CMMC Section 13-275(a), specifies that "a traffic impact study shall be required for all development projects estimated by the Public Services Department to generate one hundred (100) or more vehicle trip ends during a peak hour." The highest peak hour trips in either the AM or PM peak is used to estimate the number of vehicular trips generated both in and out of a new or expanded development known as vehicle trip ends during a peak hour. Staff reviewed and determined that the proposed use does not meet the threshold of 100 peak hour trips requiring a traffic study based on the net peak hour trips. However, a traffic impact fee would be assessed. The fee calculation would be finalized during the building permit plan check process and must be paid prior to building permit issuance.

Odor Attenuation

Cannabis products would arrive in State compliant packaging that is sealed and odor-resistant, and remain unopened while on the premises. The storefront proposes to use carbon filters throughout the facility. If approved, the use would be conditioned so the operator must replace the air filters at regular intervals, as directed in the manufacturer specifications. Further, if cannabis odor is detected outside of the tenant space and/or off-site, the business owner/operator will be required to institute further operational measures necessary to eliminate off-site odors in a manner deemed appropriate by the Director of Economic and Development Services. Lastly, cannabis products would not be allowed to be disposed of in the exterior trash enclosure.

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 both serve local needs and attract regional and international spending, and providing cultural, educational, social, and recreational amenities that contribute to the quality of life in the community. 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 applicable 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 use would provide a new entrepreneurial business in Costa Mesa located within a commercial area as allowed under Measure Q, and provides new goods and services and new employment opportunities in the community. The subject property is located along a major arterial and has a General Plan Land Use designation of General Commercial. Pursuant to the City's General Plan, the "General Commercial" land use designation is intended to permit a wide range of commercial uses that serve both local and regional needs. These areas should have exposure and access to major transportation routes since significant traffic can be generated."

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

Consistency: Retail cannabis uses are expected to generate increased tax revenues in that cannabis sales are subject to a seven-percent local tax on gross receipts. Approval of the proposed cannabis retail storefront would allow business operations that would expand the City's revenue base. This revenue can then be used for community services and infrastructure improvements that serve the community.

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 is part of the specialized and growing cannabis industry that is limited in the surrounding region. Approval of this CUP would facilitate a new local business opportunity in a specialized and expanding industry.

FINDINGS

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

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

The subject site is located within the C2 Zoning District (General Business District). The CMMC defines the C2 zone as "intended to provide for those uses which offer a wide range of goods and services which are generally less compatible with more sensitive land uses of a residential or institutional nature." The subject property is located on Harbor Boulevard, one of the City's major arterials. The General Plan states that, "The Harbor Boulevard commercial corridor accounts for almost one-third of the City's commercial land. Businesses along the boulevard account for 40 percent of the City's total retail sales..." Adjacent uses along the corridor include several multi-tenant commercial centers with a variety of commercial businesses (automotive, pharmacies, medical office, and other retail).

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

The proposed storefront would be located in the first floor suites closest to Harbor Boulevard, with hours of operation limited to 7 AM and 10 PM. The existing counseling use on the second floor is approved to serve clients between 9 AM and 9 PM, with staff onsite between 8 AM and 10 PM. The electronic and warehousing uses are located in the middle and rear of the subject property, closest to Charle Street. Based on the existing uses, no history of complaints regarding the existing operations on the site, and observations of ample parking, staff does not anticipate that the use would be materially detrimental to adjacent nonresidential uses, nearby residents, nor the existing businesses onsite. However, the parking lot access to Charle Street is currently developed with a vehicle gate that can restrict ingress and egress to the site from the adjacent residential street. In order to ensure that the proposed storefront does not increase traffic conditions on Charle Street, a condition of approval has been included in the attached Resolution that requires that gate to be closed and locked between 6:00 PM and 8:00 AM.

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

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

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

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

The proposed retail use is located within an existing commercial building on a property that has a General Plan land use designation of "General Commercial." No additional square footage is proposed and the proposed retail cannabis establishment would occupy vacant spaces within an existing multitenant commercial building that includes office, retail, and warehousing uses. The previous occupants of the subject suites were leased for other retail and office uses and, therefore, approving the CUP would not increase site intensity. As stated in the General Plan Land Use Element, the use is consistent with General Plan policies related to providing a mixture of commercial goods, services, and employment opportunities; expanding the City's tax base; and promoting the incubation of unique and specialized businesses.

ENVIRONMENTAL DETERMINATION

The project is categorically exempt from the provisions of California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301 for the permitting and/or minor alteration of Existing Facilities, involving negligible or no expansion of the existing or prior use. This project site contains an existing commercial building that has been used for commercial activities. The application does not propose an increase in commercial floor area. The project is consistent with the applicable General Plan land use designation and policies as well as with the applicable zoning designation and regulations.

ALTERNATIVES

The Planning Commission has the following alternatives:

- 1. <u>Approve the project</u>. The Planning Commission may approve the project as proposed, subject to the conditions outlined in the attached Resolution.
- 2. <u>Approve the project with modifications</u>. 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. <u>Deny the project</u>. If the Planning Commission believes that there are insufficient facts to support the findings for approval, the Planning Commission must deny the application, provide facts in support of denial, and direct staff to incorporate the findings into a Resolution for denial. If the project is denied, the applicant could not submit substantially the same type of application for six months.

LEGAL REVIEW

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

PUBLIC NOTICE

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

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

As of the date this report was circulated, no written public comments have been received. Any public comments received prior to the November 28, 2022 Planning Commission meeting will be provided separately.

CONCLUSION

The proposed project is a retail cannabis storefront business at an existing commercial property that is located on one of the City's primary commercial corridors. The location meets separation requirements established in CMMC 13-200.93(e). Staff and the City's cannabis consultant completed the Pre-Application Determination, Business Plan and Security Plan evaluations, owner background checks, and thoroughly reviewed the CUP materials. If approved, the operation would be required to comply with all conditions of approval and extensive City and State regulations.

If the Planning Commission approves the project, the applicant would next obtain building permits, complete tenant improvements, and pass City inspections prior to obtaining a CBP and City Business License. The CBP is valid for two years and must be continuously renewed, including inspections, prior to expiration. During each two-year CBP period, the Community Improvement Division, along with other City staff, will conduct site inspections to verify that the operation complies with CUP and CBP requirements. Violations identified during site inspections may be grounds for revocation of issued permits or non-renewal of a CBP.

As proposed and conditioned, the use would be consistent with other commercial uses in the C2 (General Business District) Zone and the City's General Plan. The required findings for the CUP can be made, as described above, and therefore, staff recommends approval of Planning Application 22-21 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 22-21 FOR A STOREFRONT RETAIL CANNABIS BUSINESS (SOUTH COAST SAFE ACCESS) IN THE C2 ZONE AT 2001 HARBOR BOULEVARD, SUITES 101-103

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

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

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

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

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

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

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

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

NOW, THEREFORE, based on the evidence in the record and the findings contained in Exhibit A, and subject to the conditions of approval contained within Exhibit B, the Planning Commission hereby **APPROVES** Planning Application 22-21 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 22-21 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 28th day of November, 2022.

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 November 28, 2022 by the following votes:

AYES: COMMISSIONERS

NOES: COMMISSIONERS

ABSENT: COMMISSIONERS

ABSTAIN: COMMISSIONERS

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 C2 Zoning District (General Business District). The CMMC defines the C2 zone as "intended to provide for those uses which offer a wide range of goods and services which are generally less compatible with more sensitive land uses of a residential or institutional nature." The subject property is located on Harbor Boulevard, one of the City's major arterials. The General Plan states that, "The Harbor Boulevard commercial corridor accounts for almost one-third of the City's commercial land. Businesses along the boulevard account for 40 percent of the City's total retail sales..." Adjacent uses along the corridor include several multi-tenant commercial centers with a variety of commercial businesses (automotive, pharmacies, medical office, and other retail).

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

The proposed storefront would be located in the first floor suites closest to Harbor Boulevard, with hours of operation limited to 7 AM and 10 PM. The existing counseling use on the second floor is approved to serve clients between 9 AM and 9 PM, with staff onsite between 8 AM and 10 PM. The electronic and warehousing uses are located in the middle and rear of the subject property, closest to Charle Street. Based on the existing uses, no history of complaints regarding the existing operations on the site, and observations of ample parking, staff does not anticipate that the use would be materially detrimental to adjacent nonresidential uses, nearby residents, nor the existing businesses onsite. However, the parking lot access to Charle Street is currently developed with a vehicle gate that can restrict ingress and egress to the site from the adjacent residential street. In order to ensure that the proposed storefront does not increase traffic conditions on Charle Street,

a proposed condition of approval has been included in the attached Resolution that requires that gate to be closed and locked between 6:00 PM and 8:00 AM.

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

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

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

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

Facts in Support of Finding:

The proposed retail use is located within an existing commercial building on a property that has a General Plan land use classification of "General Commercial." No additional square footage is proposed and the proposed retail cannabis establishment would occupy vacant spaces within an existing multitenant commercial building that includes office, retail, and warehousing uses. The previous occupants of the subject suites were leased for other retail and office uses and, therefore, approving the CUP would not increase site intensity. As stated in the General Plan Land Use Element, the use is

consistent with General Plan policies related to providing a mixture of commercial goods, services, and employment opportunities; expanding the City's tax base; and promoting the incubation of unique and specialized businesses.

- B. The project is categorically exempt from the provisions of CEQA pursuant to CEQA Guidelines Section 15301 for the permitting and/or minor alteration of Existing Facilities, involving negligible or no expansion of the existing use. This project site contains an existing commercial building that has been used for commercial activities and the application does not propose an increase in floor area. The project is consistent with the applicable General Plan land use designation and policies as well as with the applicable zoning designation and regulations.
- C. The project is subject to a traffic impact fee, pursuant to Chapter XII, Article 3
 Transportation System Management, of Title 13 of the Costa Mesa Municipal Code.

EXHIBIT B

CONDITIONS OF APPROVAL

General

Plng.

- 1. The use of this property as a cannabis storefront (without delivery to customers) shall comply with the approved plans and terms described in the resolution, these conditions of approval, and applicable sections of the Costa Mesa Municipal Code (CMMC). The Planning Commission may modify or revoke any planning application based on findings related to public nuisance and/or noncompliance with conditions of approval [Title 13, Section 13-29(o)].
- 2. Approval of the planning/zoning application is valid for two years from the effective date of this approval and will expire at the end of that period unless the applicant establishes the use by one of the following actions: 1) a building permit has been issued and construction has commenced, and has continued to maintain a valid building permit by making satisfactory progress as determined by the Building Official, 2) a certificate of occupancy has been issued, or 3) the use is established and a business license has been issued. A time extension can be requested no less than 30 days or more than sixty (60) days before the expiration date of the permit and submitted with the appropriate fee for review to the Planning Division. The Director of Development Services may extend the time for an approved permit or approval to be exercised up to 180 days subject to specific findings listed in Title 13, Section 13-29 (k) (6). Only one request for an extension of 180 days may be approved by the Director. Any subsequent extension requests shall be considered by the original approval authority.
- 3. No person may engage in any cannabis business or in any cannabis activity within the City including the sale of cannabis or a cannabis product unless the person:
 - a. Has a valid Cannabis Business Permit from the City;
 - Has paid all Cannabis Business Permit and all application fees and deposits established by resolution of the City Council, including annual Community Improvement Division inspection deposits;
 - c. Has obtained all applicable planning, zoning, building, and other applicable permits from the relevant governmental agency which may be applicable to the zoning district in which such cannabis business intends to operate;
 - d. Has obtained a City business license pursuant to Chapter I of the Municipal Code;
 - e. Is in compliance with all requirements of the Community Improvement Division regarding the property;
 - f. Has obtained any and all licenses required by State law and/or regulations; and
 - g. Has satisfied all CUP conditions of approval.

- 4. Any change in the operational characteristics of the use shall be subject to Planning Division review and may require an amendment to the Conditional Use Permit, subject to either Zoning Administrator or Planning Commission approval, depending on the nature of the proposed change.
- 5. No cultivation of cannabis is allowed anywhere on the premises.
- 6. The uses authorized by this Conditional Use Permit must be conducted in accordance with all applicable State and local laws, including, but not limited to compliance with the most current versions of the provisions of the California Code of Regulations that regulate the uses permitted hereby. Any violation thereof shall be a violation of the conditions of this permit and may be cause for revocation of this permit.
- 7. Except for operations allowed by this Conditional Use Permit (storefront only) and under an active Cannabis Business Permit and State Type 10 license (no delivery proposed nor approved), no permit holder or any of its employees shall sell, distribute, furnish, and/or otherwise provide any cannabis or cannabis product to any person, firm, corporation, group or any other entity, unless that person or entity is a lawful, bona fide customer, or it possesses all currently valid permits and/or licenses required by both the State of California and applicable local governmental entity to lawfully receive such cannabis and to engage in a "cannabis activity" as defined by Costa Mesa Municipal Code sec. 9-485. The permit holder shall verify that the recipient, regardless of where it is located, of any cannabis or cannabis product sold, distributed, furnished, and/or otherwise provided by or on behalf of the permit holder, possesses all required permits and/or licenses therefor.
- 8. The applicant, the property owner and the operator (collectivley referred to as "indemnitors") shall each jointly and severally defend, indemnify, and hold harmless the City, its elected and appointed officials, agents, officers and employees from any claim, legal action, or proceeding (collectively referred to as "proceeding") brought against the City, its elected and appointed officials, agents, officers or employees arising out of City's approval of the project, including but not limited to any proceeding under the California Environmental Quality Act. The indemnification shall include, but not be limited to, damages, fees and/or costs awarded against the City, if any, and cost of suit, attorney's fees, and other costs, liabilities and expenses incurred in connection with such proceeding whether incurred by the applicant, the City and/or the parties initiating or bringing such proceeding. This indemnity provision shall include the indemnitors' joint and several obligation to indemnify the City for all the City's costs, fees, and damages that the City incurs in enforcing the indemnification provisions set forth in this section.
- 9. If any section, division, sentence, clause, phrase or portion of this approval is for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining provisions.

- 10. The use shall operate in accordance with the approved Security Plan. Any changes to the Security Plan must be submitted to the Planning Division with a written explanation of the changes. If the Director determines that changes are substantial, a modification to the Cannabis Business Permit and/or amendment to the CUP may be required.
- 11. A parking management plan, including techniques described in Operational Condition of Approval No. 7, must be approved by the Director of Economic and Development Services or designee prior to any grand opening or other high volume event on the subject property.

Bldg.

12. If the plans are submitted in 2022, development shall comply with the requirements of the following adopted codes: 2019 California Residential Code, 2019 California Building Code, 2019 California Electrical Code, 2019 California Mechanical Code, 2019 California Plumbing Code, 2019 California Green Building Standards Code and 2019 California Energy Code (or the applicable adopted, California Residential Code, California Building Code, California Electrical Code, California Mechanical Code, California Plumbing Code, California Green Building Standards and California Energy Code at the time of plan submittal or permit issuance) and California Code of Regulations also known as the California Building Standards Code, as amended by the City of Costa Mesa. Requirements for accessibility to sites, facilities, buildings and elements by individuals with disability shall comply with chapter 11B of the 2019 California Building Code. Costa Mesa shall begin using the 2022 California Building Code on January 1, 2023.

CBP

- 13. The operator shall maintain a valid Cannabis Business Permit and a valid Business License at all times. The Cannabis Business Permit application number associated with this address is MQ-22-01. Upon issuance, the Cannabis Business Permit will be valid for a two-year period and must be renewed with the City prior to its expiration date, including the payment of permit renewal fees. No more than one Cannabis Business Permit may be issued to this property.
- 14. The use shall operate in accordance with the approved Business Plan. Any changes to the Business Plan must be submitted to the Planning Division with a written explanation of the changes. If the Director determines that changes are substantial, a modification to the Cannabis Business Permit and/or amendment to the CUP may be required.
- 15. A Cannabis Business Permit may be revoked upon a hearing by the Director of Economic and Development Services or designee pursuant to Section 9-120 of the CMMC for failing to comply with the terms of the permit, the applicable provisions of the CMMC, State law or regulation and/or any condition of any other permit issued pursuant to this code. Revocation of the Cannabis Business Permit shall trigger the City's proceedings to revoke the Conditional Use Permit and its amendments. The Conditional Use Permit granted herein shall not be construed to allow any subsequent owner/operator to continue operating under PA-22-21

- until a valid new Cannabis Business Permit is received from the City of Costa Mesa.
- 16. A change in ownership affecting an interest of 51 or more percent, or an incremental change in ownership that will result in a change of 51 or more percent over a three year period, shall require submittal and approval of a new Cannabis Business Permit. A change in ownership that affects an interest of less than 51 percent shall require approval of a minor modification to the Cannabis Business Permit.

State

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

1385, or who is currently on probation or parole for the sale, distribution, possession or manufacture of a controlled substance.

- CID 22. Should any employee, volunteer or other person who possesses an identification badge be terminated or cease their employment with the business, the applicant shall return such identification badge to the City of Costa Mesa Community Improvement Division within 24 hours, not including weekends and holidays.
 - 23. The property owner and applicant shall use "Crime Prevention Through Environmental Design" techniques to reduce opportunities for crime, loitering and encampments on the property as deemed appropriate by the Community Improvement Manager and Director of Economic and Development Services.
- Finance 24. This business operator shall pay all sales, use, business and other applicable taxes, and all license, registration, and other fees and permits required under State and local law. This business operator shall cooperate with the City with respect to any reasonable request to audit the cannabis business' books and records for the purpose of verifying compliance with the CMMC and this CUP, including but not limited to a verification of the amount of taxes required to be paid during any period.
 - 25. The following records and recordkeeping shall be maintained/conducted:
 - a. The owner/operator of this cannabis business shall maintain accurate books and records, detailing all of the revenues and expenses of the business, and all of its assets and liabilities. On no less than an annual basis, or at any time upon reasonable request of the City, the owner/operator shall file a sworn statement detailing the number of sales by the cannabis business during the previous twelve month period (or shorter period based upon the timing of the request), provided on a per-month basis. The statement shall also include gross sales for each month, and all applicable taxes paid or due to be paid.
 - b. The owner/operator shall maintain a current register of the names and the contact information (including the name, address, and telephone number) of anyone owning or holding an interest in the cannabis business, and separately of all the officers, managers, employees, agents and volunteers currently employed or otherwise engaged by the cannabis business. The register required by this condition shall be provided to the City Manager upon a reasonable request.
 - c. The owner/operator shall maintain an inventory control and reporting system that accurately documents the present location, amounts, and descriptions of all cannabis and cannabis products for all stages of the retail sale process. Subject to any restrictions under the Health Insurance Portability and Accountability Act (HIPPA), the owner/operator shall allow City officials to have access to the business's books, records, accounts, together with any other data or documents relevant to its permitted cannabis activities, for the purpose of conducting an audit or examination. Books, records, accounts, and any and all relevant data or documents will be produced no later than

- twenty-four (24) hours after receipt of the City's request, unless otherwise stipulated by the City.
- d. The owner/operator shall have in place a point-of-sale tracking system to track and report on all aspects of the cannabis business including, but not limited to, such matters as cannabis tracking, inventory data, and gross sales (by weight and by sale). The owner/operator shall ensure that such information is compatible with the City's recordkeeping systems. The system must have the capability to produce historical transactional data for review by the City Manager or designees.
- Insp. 26. The City Manager or designees may enter this business at any time during the hours of operation without notice, and inspect all areas of this business as well as any recordings and records required to be maintained pursuant to Title 9, Chapter VI or under applicable provisions of State law. It is a violaiton of this use permit for any person having responsibility for the operation of a cannabis business, to impede, obstruct, interfere with, or otherwise not to allow, the City to conduct an inspection of the business or areas within and/or associated with the business. If business areas are located behind access controlled (locked) doors, these areas shall be opened/available immediatley for inspection upon request. If areas of the business are not available to the City Manager or designees for inspection upon immediate request, the Cannabis Business Permit (CBP) shall be subject to revocation pursuant to Costa Mesa Municipal Code section 9-120.
 - 27. Inspections of this cannabis business by the City will be conducted, at a minimum, on a quarterly basis. The applicant will pay for the inspections according to the adopted Fee Schedule.
 - 28. Quarterly Fire & Life Safety Inspections will be conducted by the Community Risk Reduction Division to verify compliance with the approved operation. The applicant will pay for the inspection according to the Additional Required Inspections as adopted in the Fee Schedule.
 - 29. Annual Fire & Life Safety Inspections will be conducted by the Fire Station Crew for emergency response pre-planning and site access familiarization. The applicant will pay for the inspection according to the adopted Fee Schedule.
 - 30. Pursuant to Title 9, Chapter VI, it is unlawful for any person having responsibility for the operation of a cannabis business, to impede, obstruct, interfere with, or otherwise not to allow, the City to conduct an inspection, review or copy records, recordings or other documents required to be maintained by a cannabis business under this chapter or under State or local law. It is also unlawful for a person to conceal, destroy, deface, damage, or falsify any records, recordings or other documents required to be maintained by a cannabis business under this chapter or under State or local law.

Prior to Issuance of Building Permits

- 1. Plans shall be prepared, stamped and signed by a California licensed Architect or Engineer.
- 2. The conditions of approval and ordinance or code provisions of Planning Application 22-21 shall be blueprinted on the face of the site plan as part of the plan check submittal package.
- 3. Prior to the Building Division issuing a demolition permit, the applicant shall contact the South Coast Air Quality Management District (AQMD) located at:

21865 Copley Dr.

Diamond Bar, CA 91765-4178

Tel: 909- 396-2000

Or visit its website: http://www.costamesaca.gov/modules/showdocument.aspx?documentid = 23381. The Building Division will not issue a demolition permit until an Identification Number is provided by AQMD.

- 4. Odor control devices and techniques shall be incorporated to ensure that odors from cannabis are not detected outside the property, anywhere on adjacent property or public right-of-way. Building and mechanical permits must be obtained from the Building Division prior to work commencing on any part of the odor control system.
- 5. Plan check submittal shall include air quality/odor control device specification sheets. Plan check submittal shall also include a bicycle rack, parking lot resealing and restriping, and a landscape plan that complies with CMMC requirements (and replaces the lawns along Harbor Boulevard and tree well ground cover with low water use plants). The minimum container size for proposed plants is 5 gallons and the minimum container size for any new trees is a 24-inch box.
- 6. No signage shall be installed until the owner/operator or its designated contractor has obtained permits required from the City. Business identification signage shall be limited to that needed for identification only. Business identification signage shall not include any references to cannabis, whether in words or symbols. All signs shall comply with the CMMC.
- 7. The plans and business operator shall comply with the requirements of the 2019 California Fire Code, including the 2019 Intervening Update and referenced standards as amended by the City of Costa Mesa.
- 8. The Traffic Impact Fee as calculated by the Transportation Services Division shall be paid in full.
- 9. The applicant shall submit a lighting plan to the Planning Division for review and approval. The lighting plan shall show locations of all security lighting. As determined by the Director of Economic and Development Services or their designee, a photometric study may be required to demonstrate compliance with the following: (a) lighting levels on the property including the parking lot shall be adequate for safety and security

- purposes (generally, at least 1.0 foot candle), (b) lighting design and layout shall minimize light spill at the adjacent residential property line and at other light-sensitive uses (generally, no more than 0.5-footcandle at the property line), and (c) glare shields may be required to prevent light spill.
- 10. Two (2) sets of detailed landscape and irrigation plans, which meet the requirements set forth in Costa Mesa Municipal Code Sections 13-101 through 13-108, shall be required as part of the project plan check review and approval process. Plans shall be forwarded to the Planning Division for final approval prior to issuance of building permits.

Prior to Issuance of a Certificate of Use/Occupancy

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

Prior to Issuance of Cannabis Business Permit

- 1. The applicant shall contact the Planning Division for a facility inspection and provide a matrix (table) of conditions of approval explaining how each was met prior to issuance of a Cannabis Business Permit.
- 2. The applicant shall pay the public notice fee (\$1 per notice post card) and the newspaper ad publishing cost.
- 3. The final Security Plan shall be consistent with the approved building plans.
- 4. Each entrance to the business shall be visibly posted with a clear and legible notice stating the following:
 - a. That smoking, ingesting, or otherwise consuming cannabis on the premises or in the areas adjacent to the cannabis business is prohibited;
 - b. That no person under the age of twenty-one (21) years of age is permitted to enter upon the premises;
 - c. That loitering by persons outside the facility both on the premises and within fifty (50) feet of the premises is prohibited; and
 - d. The premise is a licensed cannabis operation approved by the City of Costa Mesa. The City may also issue a window/door sticker, which shall be visibly posted.
- 5. The applicant, property owner and/or the operator shall obtain and maintain at all times during the term of the permit comprehensive general liability insurance protecting the permittee in an amount of not less than two million dollars (\$2,000,000.00) per occurrence, combined single limit, including bodily injury and property damage and not less than two million dollars (\$2,000,000.00) aggregate for each personal injury liability, products-completed operations and each accident, issued by an insurance provider admitted and authorized to do business in California and shall be rated at least A-:viii in A.M. Best & Company's Insurance Guide. Such policies of insurance shall be endorsed to the name the City of Costa Mesa as an

- additional insured. Proof of said insurance must be provided to the Planning Division before the business commences operations. Any changes to the insurance policy must be submitted to the Planning Division within 10 days of the date the change is effective.
- 6. The applicant shall submit an executed Retail Cannabis Business Permit Defense and Indemnity Agreement on a form to be provided by the City.
- 7. The applicant shall post signs within the parking lot directing customers, employees and vendors to use consideration when entering their vehicles and leaving the parking lot. The language of the parking lot signs shall be reviewed and approved by the Planning Division prior to installation.

Operational Conditions

- 1. No product deliveries to the facility shall occur after 10:00 PM and before 7:00 AM
- 2. Onsite sales shall be limited to the hours between 7:00 AM and 10:00 PM.
- 3. At least one security guard shall be onsite at all times.
- 4. The operator shall maintain free of litter all areas of the property under which applicant has control.
- 5. The use shall be conducted, at all times, in a manner that will allow the quiet enjoyment of the surrounding neighborhood. The operator shall institute appropriate security and operational measures as necessary to comply with this requirement.
- 6. If parking shortages or other parking-related problems develop, the business owner or operator will be required to institute appropriate operational measures necessary to minimize or eliminate the problem in a manner deemed appropriate by the Director of Economic and Development Services or designee. Temporary or permanent parking management strategies include, but are not limited to, employee shuttle service from an approved location with excess parking, reducing operating hours of the business, hiring an employee trained in traffic control to monitor parking lot use and assist with customer parking lot circulation, encouraging customers to take advantage of online ordering for a faster pick-up, limiting the number of employees that park onsite, incentivizing employee carpooling/cycling/walking and obtaining approval of offsite parking.
- 7. During their work shift, employees shall not park on residential streets or within residential neighborhoods.
- 8. The vehicle gate adjacent to Charle Street shall remain closed and locked between the hours of 6:00 PM and 8:00 AM. KnoxBox access shall be provided to the Costa Mesa Fire Department and Costa Mesa Police Department.
- 9. All employees must wear an identification badge while on the premises of the business and/or performing deliveries, in a format prescribed by the City Manager or designee. When on the premises, badges must be clearly

- visible and worn on outermost clothing and above the waist in a visible location.
- 10. Vendor supply vehicle loading and unloading shall only take place within direct unobstructed view of surveillance cameras, located in close proximity to the limited access door, as generally described in the staff report and as shown on an exhibit approved by the Director of Economic and Development Services or designee. No loading and unloading of cannabis products into or from the vehicles shall take place outside of camera view. The security guard shall monitor all on-site vendor unloading. Video surveillance cameras shall be installed on the exterior of the building with direct views of doors. Any modifications or additional vehicle unloading areas shall be submitted to the Director of Economic and Development Services or designee for approval.
- 11. The sale, dispensing, or consumption of alcoholic beverages on or about the premises is prohibited.
- 12. No outdoor storage or display of cannabis or cannabis products is permitted at any time.
- 13. Cannabis shall not be consumed on the property at any time, in any form.
- 14. The owner/operator shall prohibit loitering on and within fifty (50) feet of the property.
- 15. No cannabis or cannabis products, or graphics depicting cannabis or cannabis products, shall be visible from the exterior of the property, or on any of the vehicles owned or used as part of the cannabis business.
- 16. The owner or operator shall maintain air quality/odor control devices by replacing filters on a regular basis, as specified in the manufacturer specifications.
- 17. If cannabis odor is detected outside the building, the business owner or operator shall institute corrective measures necessary to minimize or eliminate the problem in a manner deemed appropriate by the Director of Economic and Development Services.
- 18. Cannabis liquid or solid waste must be made unusable and unrecognizable prior to leaving a secured storage area and shall be disposed of at facility approved to receive such waste.
- 19. Each transaction involving the exchange of cannabis goods between the business and consumer shall include the following information: (1) Date and time of transaction; (2) Name and employee number/identification of the employee who processed the sale; (3) List of all cannabis goods purchased including quantity; and (4) Total transaction amount paid.

APPLICANT LETTER Access Costa Mesa, Inc. Dba "South Coast Safe Access" 2001 Harbor Blvd. Ste. 101, 102, & 103

STATEMENT OF INTENT: ACCESS COSTA MESA, INC. dba South Coast Safe Access ("SCSA") seeks a business permit from the City and a Type-10 Cannabis Retail Storefront License from the State. The business of ACCESS at this location will be limited to retailing licensed, compliant, pre-packaged cannabis and cannabis goods. Our ownership team has over 15 years of combined experience owning and operating multiple licensed cannabis retail stores, including 420 Central and South Coast Safe Access, both located in Santa Ana.

FACILITY ADDRESS & USE: Our facility, located at 2001 Harbor Blve. Ste. 101, 102, & 103, consists of 3,720 sq. ft. located within the C2 General Commercial zone, outside of 1000' of a k-12 school, day care facility, playground, and homeless shelter as well as 600' from any youth center. The square footage of the building will be used in the following way:

- 1. Lobby and Check-In Area
- 2. Retail sales floor
- 3. Limited Access Inventory Storage Area
- 4. Security Room
- 5. Offices
- 6. Restrooms

<u>HOURS OF OPERATION.</u> Hours of operation shall be limited to: 7:00 a.m. to 10:00 p.m. daily. SCSA shall not be open to the public between the hours of 10:01 p.m. and 6:59 a.m. of any day.

<u>SECURITY</u>: As described in our professionally prepared security plan, the facility will have a state-of-the-art security system throughout, in compliance with all state and local regulations. The facility will include digital key fob readers on all doors, panic alarm devices, security cameras strategically placed throughout the interior and exterior of the facility.

<u>OBJECTIVES</u>: The first objective of SCSA is to stay educated and informed of regulatory updates via our association with organizations such as American's for Safe Access (ASA), The National Cannabis Industry Association (NCIA), The California Distribution Alliance (CDA), our Legal Counsel, and various Regulation Legal and Consulting Forums.

Our second objective is to be a good neighbor. Our business model and Standard Operating Procedures have been crafted to ensure compatibility and consistency with neighboring businesses. From security procedures, to odor control protocols, to directing traffic flow. To further evidence SCSA's good neighbor policy, on November 8, 2022, SCSA held an OPEN HOUSE for the community after noticing neighbors withing a 500' radius. The Open House introduced ourselves to the community and allowed neighbors to voice concerns or questions regarding our company and was very successful.

SCSA has procedures, quality checks, record keeping, and full tracking throughout the entire process; from receiving packaged products, thru the retail and delivery of products. These protocols ensure regulatory compliance, full track and traceability and mitigate diversion risk.

RECEIVING INVENTORY: SCSA receive verified licensed cannabis goods through purchase orders. These orders are submitted to licensed distributors after license verification. Distributor then fills purchase orders, and schedules a delivery at our retail facility, adhering to our standard delivery operating procedures. Our delivery procedures are emailed to the Distributor when the appointment for delivery is confirmed. Our receiving policy / protocol is overseen by our Account Manager, who is registered with the State of California as our designated "Account Manager." During the visual inspection, the Account Manager shall ensure that the manifest is accurate, all testing certificates are compliant, and a label is physically attached to each container of each product/batch, with information, such as: The manufacturer or cultivator's name & license # that provided the batch; The date of entry into the distributor's storage area; The unique identifiers and batch number associated with the batch; A description of the cannabis goods with enough detail to easily identity the batch; The weight or quantity of units in the batch and: The best-by, sell-by, or expiration date of the batch if any. Once the packaged product passes the quality assurance review, it is received into our accounting system before added to our inventory management and point of sale system.

<u>STORAGE</u>. Of the 3,720 square feet of space, including "limited access areas" which will securely house inventory of packaged cannabis products. The limited access area refers to the area in which any cannabis is held, quarantined, or stored, including our retail floor, storage room, and security room.

All inventory is kept in a secure vault like room. Cannabis Product is stored with limited access rules and protocols. All Doors are controlled to prevent access to limited and secure access areas of premise, are Solid Core, Self-Closing with non-residential commercial locks. Proximity Signage indicates Limited or Secure Access Areas, where access limits and Visitor Protocols with escorts are required. SOP's for addressing unauthorized entry, or customers who fail to follow signage are in place. Procedures for preventing loss, theft and diversion.

<u>OPERATIONS</u>: All customers and guests must check-in with a uniformed Security Guard at the main entrance prior to entering the retail cannabis business. Pursuant to 16 CCR §5402(a), all customers will be required to show one of the following forms of identification:

- 1. A document issued by a federal, state, county, or municipal government, or a political subdivision or agency thereof, including, but not limited to, a valid motor vehicle operator's license, that contains the name, date of birth, physical description, and photo of the person;
- 2. A valid identification card issued to a member of the Armed Forces that includes a date of birth and a photo of the person; or
- 3. A valid passport issued by the United States or by a foreign government. The Security Guard will check the government issued identification of guests at the main entrance and confirm:
 - a. That the appearance of the individual presenting the identification matches the appearance of the individual pictured on the identification;
 - b. The presented identification indicates the holder is at least twenty-one (21) years old or eighteen (18) years old and in possession of a valid physician's recommendation and/or Health and Safety Code Section 11362.71 identification card ("Medical Marijuana Card"); and
 - c. The identification has not expired.

After the Security Guard confirms the age of the person and the validity of his/her identification, the customer will be allowed entry into our Lobby where they will be greeted by a Receptionist who will be sitting behind a secure partition. The Customer will provide the Receptionist with his or her photo identification which will be scanned using Veriscan. All identification will be stored in Veriscan. If the identification presented is not confirmed as valid by Veriscan the Receptionist will notify the customer and Security Guard and the customer will be asked to leave the premises. All invalid identifications will be logged as either "expired," "invalid," or "underage."

PRODUCTS. Access' customers will be able to choose form over 400 SKUs and 12 different types of products, including flower, concentrates, edibles, lotions, tinctures, pre-rolls, accessories and a wide range of topicals. Whether the customer is looking for physical pain relief, assistance sleeping or is simply looking to unwind, our wide array of products will ensure there is something for every customer. All products will be strictly tested and their manufacturing and cultivation sites will be inspected to ensure that such products also meet our rigid safety, testing, and purity standards. We anticipate that 50% of our sales at our Costa Mesa store will be cannabis flower and pre-rolls and 50% other cannabis products.

We prioritize small farms local cultivators and manufacturers while at the same time maintaining that all products purchased for our shelves meet our high standards. We strive to help customers understand the health and wellness benefits of integrating cannabis into one's life- style rather than the traditional

emphasis on getting high. While we will still carry traditional adult-use products, our sales associates will be trained to advise customers on the availability of non-psychoactive products that may also provide the health benefits they are seeking.

We will only conduct business with other State licensed cannabis businesses who can provide proof of legal and regulatory compliance, including valid State license certification.

Historically, the traditional dispensary model has focused heavily on flower. However, our business model is also focused on high-CBD, low-THC products and a variety of topicals, edibles and tinctures to meet the health and wellness needs of customers including our aging population. This model deviates from the traditional emphasis on 'getting high' and will require a highly knowledgeable staff focused on providing patient and consumer education on the variety of cannabis consumption methods available and their respective benefits.

We believe this category breakdown will be similar in Costa Mesa as our team members are trained to educate consumers on the values of enrichment instead of the traditional focus on getting high. We have found that when consumers are educated, they often opt for products that are not formulated solely for their ability to get the consumer high which we believe is critical from a public health and safety perspective. Products will include the following:

- 1. Flower & Pre-Rolls.
- 2. Extracts & Concentrates.
- Vaproizers. Edibles.
- 5. Topicals.
- 6. Beverages.
- 7. Tincures.
- 8. Capsules.



INVITES YOU TO JOIN US AT OUR COMMUNITY

OPEN HOUSE

MONDAY, NOVEMBER 7^{TH} , 2022 5:00 PM - 6:00 PM

> 2001 HARBOR BLVD. COSTA MESA, CA 92626

MEET OUR TEAM AND SHARE YOUR IDEASAS WE TALK CANNABIS RETAIL AND YOUR COMMUNITY

Dear Neighbor,

We wanted to take a moment to say, "hello." We are Access Costa Mesa, a California based cannabis company. We would like to invite you to an Open House where local residents and businesses have the opportunity to learn more about our company, our track record of compliance and safety, and to ask any questions you might have.

Building a strong relationship with the local community is one of our top priorities. That's why we want to address any concerns or questions you may have regarding us or our industry. At this Open House, you will have the opportunity to meet with our management and start a dialogue that we hope will continue for years.

The owners of Access Costa Mesa operates cannabis facilities throughout Orange County. Our retail stores are fully compliant, safe, welcoming and are staffed by highly trained and knowledgeable professionals. We are committed to improving the public safety and giving back to the communities we serve and operate in.

We are looking forward to meeting you!

Sincerely,

Access Costa Mesa Management

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VICINITY MAP





Costa Mesa



Notes

PA-22-21

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.

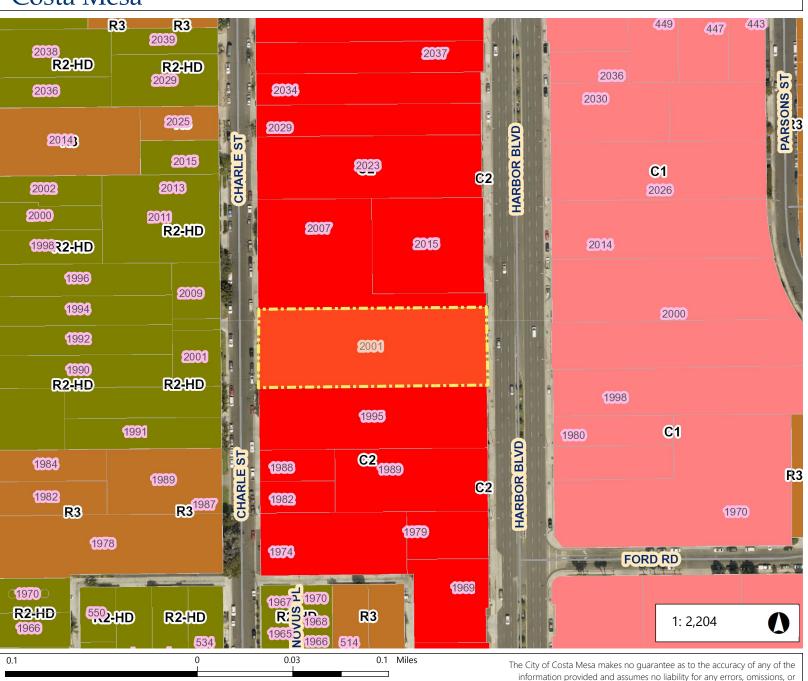
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© City of Costa Mesa

70NING MAP



-40-



Legend

Costa Mesa

Zoning

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

Notes

PA-22-21

inaccuracies.

Site Photos



View of the proposed storefront from Harbor Boulevard



View of the parking lot and proposed storefront from the middle of the property (facing Harbor Boulevard)

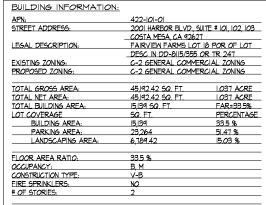
| UITE # | FLOOR | COMPANY | USE | 5Q. FT. |
|--------|-------|---------------|-----------------|-------------|
| 101 | - 1 | RETAIL T.I. | RETAIL | 1549 |
| 102 | 1 | RETAIL T.I. | RETAIL | 1226 |
| 103 | 1 | RETAIL T.I. | RETAIL | 945 |
| | | TOTAL | | 9720 |
| 104 | 1 | MAR VAC | RETAIL | 2719 |
| 105 | 1 | MAR VAC | RETAIL | 1948 |
| | | TOTAL | | 4667 |
| | _ | WAREHOUSE EDC | WAREHOUSE | 6752 |
| | | | | |
| | | | TOTAL IST FLOOR | 15,134 |
| | | | | |
| 200 | 2 | YELLOWSTONE | OFFICE | 1752 |
| 210 | 2 | YELLOWSTONE | OFFICE | 1117 |
| 220 | 2 | YELLOWSTONE | OFFICE | 1247 |
| 230 | 2 | YELLOWSTONE | OFFICE | 476 |
| | | TOTAL | | 3345 |
| 240 | 2 | MAR VAC | OFFICE | 1355 |
| | | | | |
| | | | TOTAL 2ND FLOOR | 5,947 |
| | | | | |
| | | | TOTAL BUILDING | 21,086 |

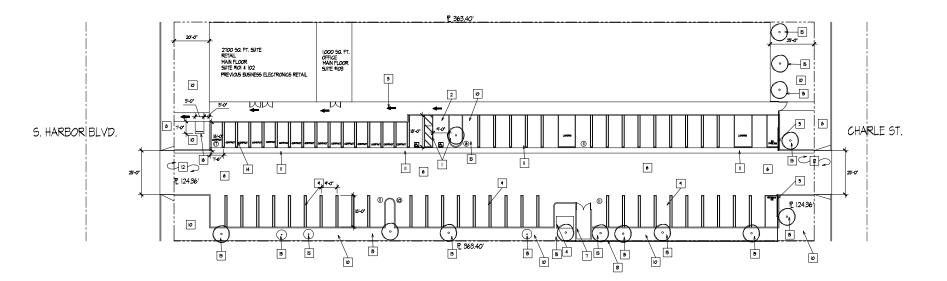
| RETAIL | 8381 SQ, FT, @ 4/1000 | = 33,5 |
|-----------|------------------------|--------|
| OFFICE | 5,947 SQ, FT, e 4/1000 | = 23.8 |
| WAREHOUSE | 6.752 SQ, FT, e 1/1000 | = 68 |

| PARKING CALCULATIONS | | | |
|---------------------------------|---------|----------|--|
| PARKING SPACE IDENTIFICATION | RECURED | FROVIDED | |
| STANDARD 9' X 18' | 63 | 49 | |
| COMPACT T'-6" X 16" | | 15 | |
| HANDICAPPED | 2 | 2 | |
| BICYCLE PARKING | 3 | 5 | |
| BICYCLE PARKING SPACE CREDIT | | 1 | |
| TOTAL | 65 | 67 | |

| PA-86-130 FOR 2001 HARBOR BLVD. |
|-------------------------------------|
| ALLOWS WAREHOUSE TO BE PARKED AT |
| I/IOOO FOR LAND USE RESTRICTION AND |
| VARIANCE. |
| |

| APN: | 422-101-01 | |
|----------------------|----------------------|--------------------|
| STREET ADDRESS: | 2001 HARBOR BLVD., 9 | WITE # 101, 102, 1 |
| | COSTA MESA, CA 9262 | |
| LEGAL DESCRIPTION: | FAIRVIEW FARMS LOT | T 18 POR OF LO |
| | DESC IN DD-8115/355 | OR TR 241 |
| EXISTING ZONING: | C-2 GENERAL COMME | RCIAL ZONING |
| PROPOSED ZONING: | C-2 GENERAL COMME | RCIAL ZONING |
| TOTAL GROSS AREA: | 45.192.42 SQ. FT. | 1.031 ACF |
| TOTAL NET AREA: | 45,192,42 SQ, FT. | 1.037 ACE |
| TOTAL BUILDING AREA: | 15.139 SQ. FT. | FAR=33.5 |
| LOT COVERAGE | 50. FT. | PERCENT |
| BUILDING AREA: | 15.139 | 33.5 % |
| PARKING AREA: | 23,264 | 51.47 % |
| LANDSCAPING AREA: | 6,789.42 | 15.03 % |
| FLOOR AREA RATIO: | 33.5 % | |
| OCCUPANCY: | В. М | |
| CONSTRUCTION TYPE: | V-B | |
| FIRE SPRINKLERS: | NO | |
| # OF STORIES: | 2 | |
| BUILDING SQ. FT.: | 21,086 SQ. FT. | |
| DESCRIPTION OF USE: | OFFICE RETAIL & MA | REHOUSE |





ATTACHMENT 7

LEGEND: ADA PATH OF TRAVEL.

SITE NOTES:

INDICATES NOTES APPLICABLE TO THIS PLAN ONLY WHEN REFERENCED.

COLORIO OF EXISTING ADA 9" X IB" PARKING SPACE EXISTING CARB RAMP LOCATION OF EXISTING ADA PATHWAY TO BUILDING ENTRANCE AND PREIC MAY TROM ADA PARKING EXISTING FOR YEAR TO REMAIN EXISTING AND THE WAS AND THE COLORIO SENSITING AND THE WAS AND THE

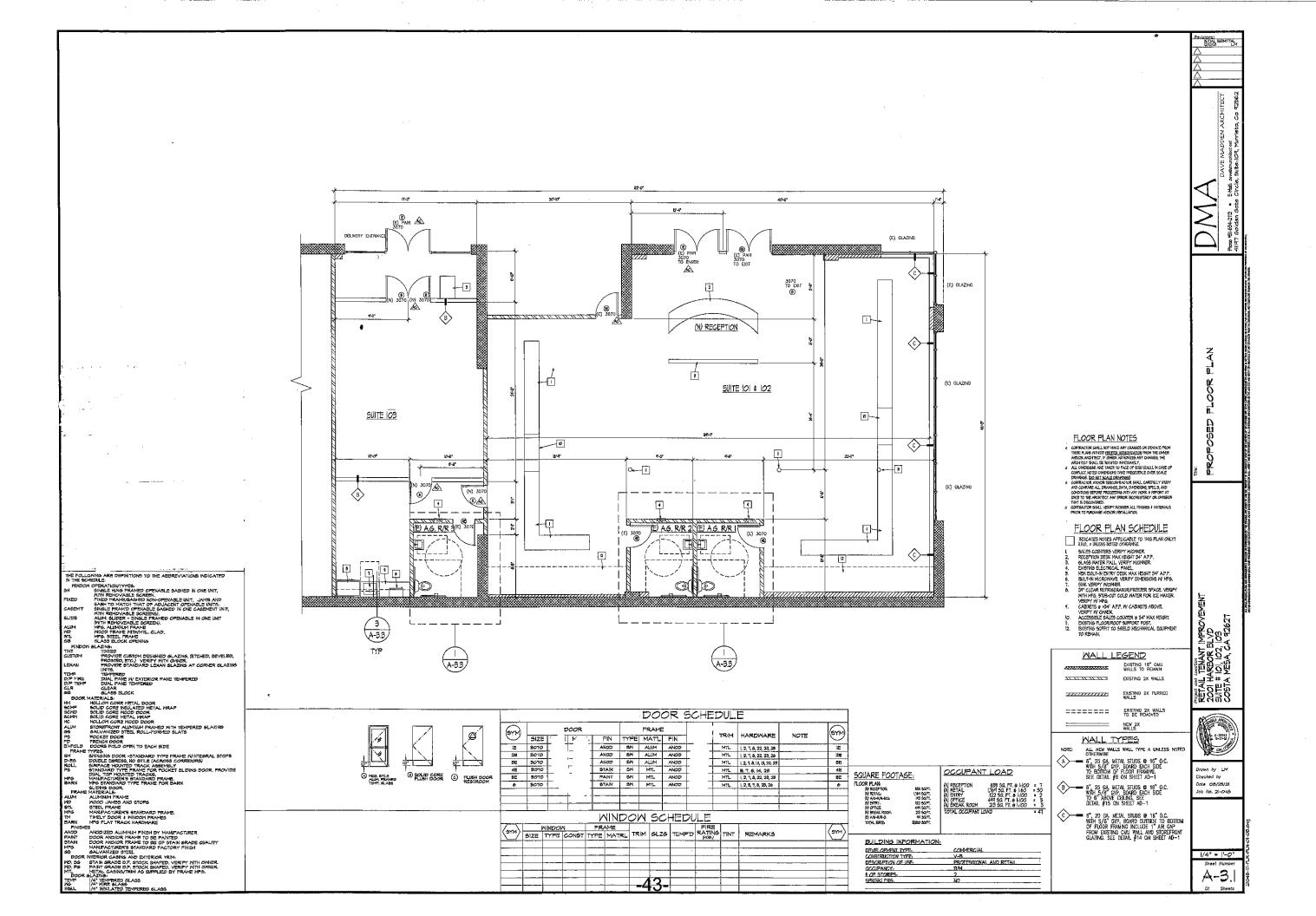
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Date 08/25/21 Job No. 21-048



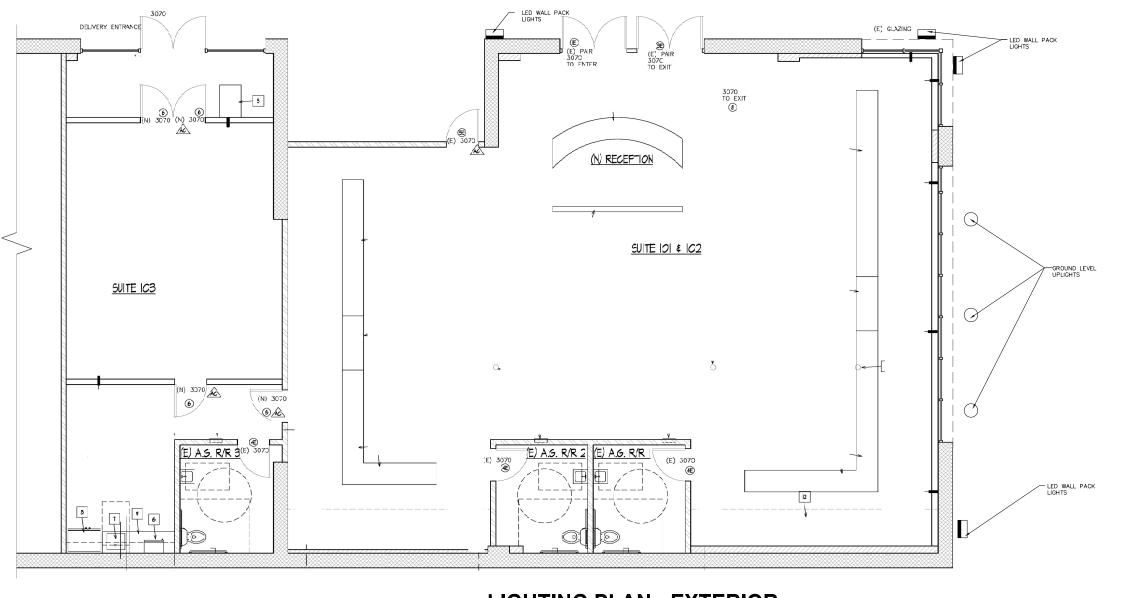






HARBOR AVE. LIGHT ELEVATION

PARKING LOT LIGHT ELEVATION



LIGHTING PLAN - EXTERIOR
SCALE 1/4"=1"-0"

SC CONSULTING GROUP

24881 ALICIA PARKWAY #317 LAGUAN HILLS, CAUTORINA 2653 149-200-4782 editococoponaliting com Architecture & Bulding Science





SCSA EXTERIOR LIGHTING
2100 HARBOR BLVD
COSTA MESA, CALIFORNIA

| REV | ISION | S | |
|-----------|--------------|---------|------|
| No. | Desc | ription | Date |
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| Plot Date | | 17-AU0 | G-22 |

BLDG WALL SIGNAGE

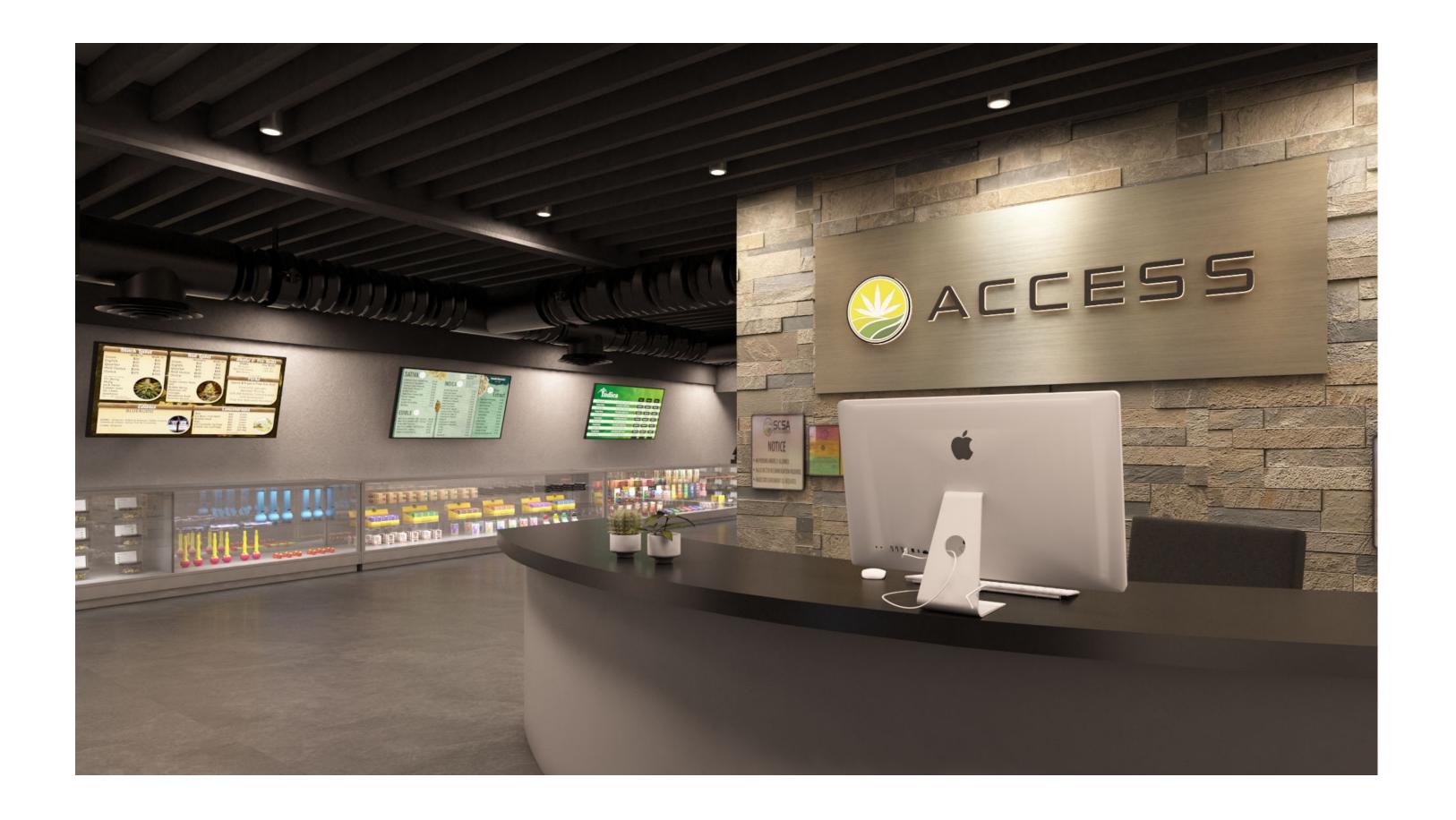
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