

**RESOLUTION NO. PC-2023-**

**A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF COSTA MESA, CALIFORNIA APPROVING PLANNING APPLICATION 21-37 FOR A STOREFRONT RETAIL CANNABIS BUSINESS WITH DELIVERY (OTC VENTURA LLC) IN THE C1 ZONE AT 2146 NEWPORT BOULEVARD, UNITS C & D**

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 21-37 was filed by Sean Maddocks representing OTC Ventura LLC, the authorized agent for the property owner, 2146 Newport Blvd. LLC., requesting approval of the following:

A Conditional Use Permit to operate a storefront retail and cannabis delivery business within an existing 2,833-square-foot commercial space within a multiple-tenant commercial building located at 2146 Newport Boulevard, Unit C and D. The business would sell pre-packaged cannabis and pre-packaged cannabis products directly to customers onsite and through delivery, subject to conditions of approval and other City and State requirements;

WHEREAS, a duly noticed public hearing was held by the Planning Commission on March 27, 2023 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 21-37 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 21-37 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 27<sup>th</sup> day of March, 2023.**

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Adam Ereth, Chair  
Costa Mesa Planning Commission

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

I, Scott Drapkin, Secretary to the Planning Commission of the City of Costa Mesa, do hereby certify that the foregoing Resolution No. PC-2023-    was passed and adopted at a regular meeting of the City of Costa Mesa Planning Commission held on March 27, 2023 by the following votes:

AYES:           COMMISSIONERS

NOES:           COMMISSIONERS

ABSENT:        COMMISSIONERS

ABSTAIN:       COMMISSIONERS

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Scott Drapkin, Secretary  
Costa Mesa Planning Commission

Resolution No. PC-2023-

## 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 in this immediate area include a massage establishment, mini-storage, auto servicing, a multi-tenant residential development, a grocery store, and motels. 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). The proposed cannabis retail storefront use is not located within 1,000 feet of a K-12 school, playground, or homeless shelter, or within 600 feet of a youth center. Although the subject property is located within 1,000 feet of a licensed child daycare (which was licensed in 2022), the cannabis business permit application was deemed complete by the City in 2021 prior to the operation of the child daycare facility. Furthermore, the premise is located approximately 350 feet away from the daycare property and is separated by SR-55 with no direct pedestrian connections. The walking distance from the daycare facility to the proposed use is approximately 1,500 feet. Therefore, there is no conflict for the public health, safety, or welfare for the existing daycare due to the separation created by SR-55. No outdoor storage or sales are proposed nor would be allowed. The storefront business would operate indoors (underroof) 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 commercial uses.

The proposed use would also not be materially detrimental to the surrounding residences because the project would include features to ensure neighborhood compatibility such as: shielding security lighting down and away from the residential zoned properties to prevent potential lighting impacts, posting signs within the parking lot to remind customers and vendors to keep noise levels to a minimum, and having an employee monitor the parking lot to ensure that customers do not create neighbor disturbances. The storefront business would also include odor control measures as described in this report

to minimize any odor impacts to the residences. As proposed and conditioned, 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 with delivery 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 delivery drivers, dispatchers, and part-time staff, must pass a live scan background check and obtain an identification badge from the City. The City and State requirements are designed to ensure that the proposed 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 property has a General Plan land use designation of Commercial- Residential. It is the intent of this land use designation to allow a complementary mix of commercial and residential zoning along Newport Boulevard and to ensure adequate buffering between the residential and non-residential properties. The proposed project includes conditions to ensure neighborhood compatibility with the adjacent residential zoned properties. Furthermore, no additional square footage is proposed, therefore, the proposed use would not increase building intensity. As stated in the General Plan Land Use Element, the City's commercial land use designations "accommodate a full range of commercial activity present and desired in Costa Mesa." The use is consistent with General Plan policies related to providing a mixture of commercial goods, services, and employment opportunities; expanding the City's tax base; and promoting the incubation of unique and specialized businesses.

- B. The project is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301, for the permitting and/or minor alteration of Existing Facilities, involving negligible or no

expansion of the existing or prior use. This project site contains an existing commercial building that has been used continuously for commercial activities. The application does not propose an increase in commercial floor area or otherwise expand the prior commercial use. The project is consistent with the applicable General Plan land use designation and policies as well as with the applicable zoning designation and regulations. Furthermore, none of the exceptions that bar the application of a categorical exemption pursuant to CEQA Guidelines Section 15300.2 applies. Specifically, the project would not result in a cumulative impact; would not have a significant effect on the environment due to unusual circumstances; would not result in damage to scenic resources; is not located on a hazardous site or location; and would not impact any historic resources.

Although the project site is located in close proximity to the “Stationmaster House”, which is eligible for listing on the National Register of Historic Places and the oldest home in Costa Mesa, the historic house is located off-site with an existing concrete wall that divides the historic house from the existing proposed use paved parking lot, and therefore there would be no impacts to the historic resource from the operation of the proposed retail cannabis use and the minor site improvements.

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

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



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

11. A parking and security management plan, including techniques described in Operational Condition of Approval No. 8, 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.
12. Remove or legalize all unapproved exterior site features including but not limited to the water filling station, water tank, and conduit.
- Bldg. 13. Development shall comply with the requirements of the following adopted codes: 2022 California Residential Code, 2022 California Building Code, 2022 California Electrical Code, 2022 California Mechanical Code, 2022 California Plumbing Code, 2022 California Green Building Standards Code and 2022 California Energy Code (or the applicable adopted, California Residential Code, California Building Code, California Electrical Code, California Mechanical Code, California Plumbing Code, California Green Building Standards and California Energy Code at the time of plan submittal or permit issuance) and California Code of Regulations also known as the California Building Standards Code, as amended by the City of Costa Mesa. Requirements for accessibility to sites, facilities, buildings and elements by individuals with disability shall comply with chapter 11B of the 2022 California Building Code.
- CBP 14. 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-21-23. 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.
15. 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.
16. 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-21-37 until a valid new Cannabis Business Permit is received from the City of Costa Mesa.

17. 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 18. 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.
19. 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.
20. Suspension of a license issued by the State of California, or by any of its departments or divisions, shall immediately suspend the ability of a cannabis business to operate within the City, until the State of California, or its respective department or division, reinstates or reissues the State license. Should the State of California, or any of its departments or divisions, revoke or terminate the license of a cannabis business, such revocation or termination shall also revoke or terminate the ability of a cannabis business to operate within the City. This Conditional Use Permit will expire and be of no further force and effect if any State issued license remains suspended for a period exceeding six (6) months. Documentation of three violations during routine inspections or investigations of complaints shall result in the Community Improvement Division scheduling a hearing before the Director of Development Services to consider revocation of the Cannabis Business Permit.
21. Third parties are prohibited from providing delivery services for non-storefront retail.
22. 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 23. 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 24. 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.
25. 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 26. 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.
27. The following records and recordkeeping shall be maintained/conducted:
- a. The owner/operator of this cannabis business shall maintain accurate books and records, detailing all of the revenues and expenses of the business, and all of its assets and liabilities. On no less than an annual basis, or at any time upon reasonable request of the City, the owner/operator shall file a sworn statement detailing the number of sales by the cannabis business during the previous twelve month period (or shorter period based upon the timing of the request), provided on a per-month basis. The statement shall also include gross sales for each month, and all applicable taxes paid or due to be paid.
  - b. The owner/operator shall maintain a current register of the names and the contact information (including the name, address, and telephone number) of anyone owning or holding an interest in the cannabis business, and separately of all the officers, managers, employees, agents and volunteers currently employed or otherwise engaged by the cannabis business. The register required by this condition shall be provided to the City Manager upon a reasonable request.
  - c. The owner/operator shall maintain an inventory control and reporting system that accurately documents the present location, amounts, and descriptions of all cannabis and cannabis products for all stages of the retail sale process. Subject to any restrictions under the Health Insurance Portability and Accountability Act (HIPPA), the owner/operator shall allow City officials to have access to the business's books, records, accounts, together with any other data or documents relevant to its permitted cannabis activities, for the purpose of conducting an audit or examination. Books, records, accounts, and any and all relevant data or documents will be produced no later than

twenty-four (24) hours after receipt of the City's request, unless otherwise stipulated by the City.

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

- Insp. 28. The City Manager or designees may enter this business at any time during the hours of operation without notice, and inspect the location of this business as well as any recordings and records required to be maintained pursuant to Title 9, Chapter VI or under applicable provisions of State law. If the any areas are deemed by the City Manager or designee to be not accessible during an inspection, not providing such access is cause for the City to begin a cannabis business permit (CBP) and/or conditional use permit (CUP) and/or business license revocation process as prescribed by the applicable Municipal Code revocation procedures.
- 29. 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.
- 30. 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.
- 31. 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.
- 32. 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 21-37 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 and irrigation plan that includes drought-tolerant plants and/or California native plants, bike racks, and parking space design and striping in conformance with CMMC and Transportation Division requirements.
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 applicable California Fire Code, including any 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**

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

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

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

Mesa as an additional insured. Proof of said insurance must be provided to the Planning Division before the business commences operations. Any changes to the insurance policy must be submitted to the Planning Division within 10 days of the date the change is effective.

6. The applicant shall submit an executed Retail Cannabis Business Permit Defense and Indemnity Agreement on a form to be provided by the City.
7. The applicant shall post signs within the parking lot directing the use of consideration such as no loud voices, loud music, revving car engines, etc. The language of the parking lot signs shall be reviewed and approved by the Planning Division prior to installation.

### **Operational Conditions**

1. No product deliveries to the facility shall occur after 10:00 PM and before 7:00 AM.
2. Onsite sales to customers is limited to the hours between 9:00 AM and 10:00 PM.
3. The applicant shall submit an updated delivery vehicle list each quarter with the quarterly update to the employee roster which is required pursuant to the CBP. The number of delivery vehicles parked onsite shall not exceed the number of available onsite surplus parking spaces. Delivery vehicles shall not be parked on City streets.
4. At least one security guard shall be onsite at all times.
5. Delivery vehicles shall be stored off site and may only be present onsite when picking up orders for delivery or when ending the delivery route.
6. The operator shall maintain free of litter all areas of the property under which applicant has control.
7. 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.
8. If parking shortages or other parking-related problems develop, the business owner or operator will be required to institute appropriate operational measures necessary to minimize or eliminate the problem in a manner deemed appropriate by the Director of Economic and Development Services or designee. Temporary or permanent parking management strategies include, but are not limited to, reducing operating hours of the business, hiring an additional employee trained in traffic control to monitor parking lot use and assist with customer parking lot circulation, and offering discounts for online and phone orders.
9. While working, employees shall not park on residential streets unless doing so temporarily to make a cannabis delivery.
10. 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.

11. The operator shall ensure that all vehicles are properly maintained, all delivery drivers have a good driving record, and each driver conducts a visual inspection of the vehicle at the beginning of each shift.
12. The operator shall ensure that deliveries are grouped to minimize total vehicle trips.
13. During each delivery stop, the delivery vehicle shall be parked in a safe manner (i.e., not impeding traffic circulation), the engine shall be turned off and the vehicle shall be locked.
14. Delivery/vendor vehicle loading and unloading shall only take place within direct unobstructed view of surveillance cameras, located in close proximity to the vendor entry door, as shown on an exhibit approved by the Director of Economic and Development Services or designee. No loading and unloading of cannabis products into or from the vehicles shall take place outside of camera view. The security guard shall monitor all on-site loading and unloading of vehicles. Video surveillance cameras shall be installed on the exterior of the building with direct views of the vendor entry door and the entire parking lot. Any modifications or additional vehicle loading and unloading areas shall be submitted to the Director of Economic and Development Services or designee for approval.
15. Delivery/vendor vehicle standing, loading and unloading shall be conducted so as not to interfere with normal use of streets, sidewalks, driveways and on-site parking.
16. The sale, dispensing, or consumption of alcoholic beverages on or about the premises is prohibited.
17. No outdoor storage or display of cannabis or cannabis products is permitted at any time.
18. Cannabis shall not be consumed on the property at any time, in any form.
19. The owner/operator shall prohibit loitering on and within fifty (50) feet of the property.
20. 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.
21. The owner or operator shall maintain air quality/odor control devices by replacing filters on a regular basis, as specified in the manufacturer specifications.
22. 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.
23. 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.
24. No cannabis products shall be disposed in the onsite trash enclosure. If any damaged or expired cannabis products must be disposed, the owner or operator shall return the damaged or expired cannabis products to the



original licensed distributor or vendor and follow all applicable State and City regulations.

25. 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.
26. Waste disposal to the exterior trash enclosure shall be limited between the hours of 8AM and 8PM to prevent noise impacts to the abutting residential zoned property.
27. A staff person shall be required to periodically 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.