PLANNING COMMISSION AGENDA REPORT

MEETING DATE: APRIL 22, 2019 **ITEM NUMBER:** PH-1

SUBJECT: **PLANNING APPLICATION 19-09 FOR A MARIJUANA DISTRIBUTION FACILITY (SHELF LIFE, INC.) AT 3505 CADILLAC AVENUE, UNIT O-107**

DATE: **APRIL 11, 2019**

FROM: **PLANNING DIVISION / DEVELOPMENT SERVICES DEPARTMENT**

PRESENTATION BY: **KATELYN WALSH, ASSISTANT PLANNER**

STAFF CONTACT: **KATELYN WALSH (714) 754-5276**
katelyn.walsh@costamesaca.gov

DESCRIPTION

Planning Application 19-09 is a request for a Conditional Use Permit (CUP) for a marijuana distribution facility within a 1,907-square-foot tenant space in an existing industrial building. The facility would be operated by Shelf Life, Inc. The proposed facility would distribute pre-packaged cannabis products and source material produced by licensed cannabis manufacturers and cultivators, including flower, oils, waxes, beverages, and similar products. No extraction or manufacturing of cannabis would occur at this facility. Rooms include reception and lobby areas, storage rooms, and ancillary offices. Distribution vehicles would be loaded outside the suite in a designated loading area proposed within the parking lot. The facility would have security systems (card readers, security cameras, etc.) throughout the facility. No cultivation of marijuana, or marijuana dispensary, is permitted.

APPLICANT/AUTHORIZED AGENT

The applicant/authorized agent is Shelf Life, Inc., representing GMEP Engineering Consulting, the property owner.

RECOMMENDATIONS

Staff recommends that the Planning Commission adopt a Resolution to:

1. Find that the project is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15301 (Class 1), Existing Facilities; and
2. Adopt a Resolution to approve Planning Application 19-09, subject to conditions of approval.

BACKGROUND

Project Site/Environs

The subject site is located on the west side of Cadillac Avenue, north of Sunflower Avenue. The property contains a vacant 1,907-square-foot tenant space, within an existing industrial building constructed in 1982. The proposed tenant space is located on the first floor of Building O with direct access to the parking spaces at the rear of the building. The tenant space was previously occupied by a media consultant (Magicbell Communications, Inc.) and wholesale use (Wamiles Cosmetics International, Inc.), respectively.

Of the 20 total tenant spaces within Building O, two are approved and/or occupied by marijuana manufacturing uses; Unit O-101 is occupied by Yummi Karma (PA-18-07). Unit O-201 is leased to Aubio Labs (PA-18-17), who have an approved CUP and are in plan check, but are not yet operating. The tenant space above the subject suite (Unit O-207) is leased to Shelf Life to serve as their administrative offices – no storage or distribution is permitted. Other uses in the building include administrative offices, professional services, and business consulting firms.

The subject building is located within an existing multi-tenant industrial park (Cambridge Park) zoned PDI (Planned Development Industrial) and has a General Plan Land Use Designation of Industrial Park. Suites within Cambridge Park are industrial condominiums that are individually owned and the business park is managed by an Association. The site is bounded by industrial buildings used for warehousing and light manufacturing. There are no open Code Enforcement cases on the property.

City of Costa Mesa Medical Marijuana Measure (Measure X)

On November 8, 2016, voters approved Measure X, also known as the City of Costa Mesa Medical Marijuana Measure. Measure X allows the following medical marijuana-related uses: distributors, manufacturers, processors, research and development laboratories, as well as testing laboratories and transporters. These uses may only be located in specific Industrial Park (MP) and Planned Development Industrial (PDI) zoned properties north of South Coast Drive, west of Harbor Boulevard, excluding the South Coast Collection (SOCO) property located at 3303 Hyland Avenue. Measure X prohibits the sale and cultivation of marijuana anywhere within the City.[1]

Under Measure X, medical marijuana uses are required to obtain all of the following approvals before conducting business within the City:

1. A Medical Marijuana Business Permit;
2. A Conditional Use Permit; and
3. A Business License. Measure X imposes a 6 percent annual gross receipts tax on any marijuana business.

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[1] The Zoning Code, with limited exceptions for personal cultivation as mandated by Proposition 64, also prohibits dispensaries, sales and cultivation. See CMMC § 13-200.84.

Subsequently on April 3, 2018, City Council adopted Ordinance No. 18-04 to allow and permit adult-use marijuana products to be manufactured, distributed, transported, tested and developed in the same manner and in the same areas as medical marijuana uses pursuant to Measure X. Non-medical adult use marijuana was not legal under state law at the time of the adoption of Measure X but is now legal under the State's Medicinal and Adult-Use Cannabis Regulation and Safety Act. Ordinance No. 18-04 also removed the prohibition of Measure X uses within 500-feet of Moon Park.

Planning Application 19-09

Marijuana Business Permit (Part 1)
Per the process described above, the applicant applied for a Marijuana Business Permit for a marijuana distribution facility on November 29, 2018. The Business Permit application was reviewed by the Community Improvement Division (CID). Review of the Marijuana Business Permit included a background check of the proposed business owner(s) and/or corporation with each owner/officer of the company being required to complete and pass the background check, as well as the required submittal of a business plan and a security plan. Once the above items were reviewed by City staff, a Notice to Proceed letter was issued. The Notice to Proceed letter allows an applicant to file an application for a CUP and was issued for this application on January 24, 2019. An application for the CUP was filed on January 28, 2019.

Marijuana Business Permit (Part 2) and Business License (if CUP Approved)
Upon approval of a CUP, the applicant would begin the remaining steps of the marijuana business approval process, which include obtaining any required building and fire safety permits and inspections. Upon completion of all of the above steps, the Marijuana Business Permit would be approved. To complete the approval process, the applicant must receive a business license from the City. After approval of the Marijuana Business Permit, the CUP, and the business license, as well as the necessary permits issued by the State Bureau of Cannabis Control, the applicant may begin operation. A Marijuana Business Permit approval is good for a two-year period and may be renewed for additional two-year periods, provided it is extended prior to expiration of the approval period. During the two-year permit period, the CID, along with other City staff, will conduct site visits to verify the operation is in compliance with all Conditional Use and Business Permit requirements. Violations identified during these site visits, including failure to renew their business permit, may be grounds for the revocation of the Business and/or Conditional Use Permits.

ANALYSIS

Proposed Use

The applicant is proposing to use the tenant space for distribution of pre-packaged cannabis products and source material produced by licensed cannabis manufacturers and cultivators. With regard to State Licensing requirements, the applicant will be applying to operate under a Type 11 Cannabis License (Distributor). The applicant originally applied to operate at another location within the Measure X area (3525 Hyland

Avenue, Suite 225); however, the Planning Commission denied the previous request and the applicant has since secured a new business location within Cambridge Park.

Pre-packaged cannabis products (pre-rolled joints, oils, waxes, beverages, and similar products) would be brought to this facility by Shelf Life drivers approximately five times per week for distribution. Once the pre-packaged products are delivered to the distribution area, the products would be within the "Limited Access" area of the suite where only authorized personnel issued identification badges by the City would have access. From there, the pre-packaged cannabis products would be transferred to the secured US Drug Enforcement Administration (DEA) approved cage where products would be stored in a quarantine area. Products would remain in quarantine until products undergo third-party testing and packaging quality assurance. Once tested, products would then move from the quarantine area to the non-quarantine area of the secured DEA cage to wait for distribution. No processing, packaging, or manufacturing of cannabis will occur at this facility; product testing will occur at a third-party licensed facility.

Once an order has been filled, products ready for distribution would be prepared for shipment and placed in the staging area inside the DEA cage. For pre-packaged retail products, the applicant proposes to utilize unmarked shipping boxes and a hand truck to transport product to the distribution vehicle. Bulk materials (e.g. trim and distillates) would be placed in secured, locked industrial containers for distribution. Once product is ready for shipment, product would be transferred from the staging area to the secured distribution entry/exit door approximately 31 feet to the designated loading zone in the parking lot. Video surveillance cameras would be required to be installed on the exterior of the building with direct views of the pathway and the designated loading zone as well as the adjacent parking spaces.

Distribution of products would occur at pre-scheduled days and times determined by the applicant. Per Condition of Approval (COA) No. 1, no distribution would be allowed to occur between 12 AM midnight and 5 AM. The delivery vehicle would be required to park only in a designated loading area under direct view of security cameras at all times (COA No. 41). The delivery vehicles would be stored onsite in a parking lot shared with other tenants, but would only be parked in the designated distribution loading space during scheduled delivery times. When not in use, the delivery vehicles would remain empty and be parked within the shared parking lot where surplus parking exists. It should also be noted that surplus parking exists onsite to accommodate designated loading and unloading.

Interior tenant improvements would be made to accommodate the proposed cannabis distribution use. Security measures proposed to be installed throughout the facility include: a video surveillance system installed at all exterior entrances and in all interior rooms; a monitored burglar alarm system; and entry card readers. Additionally, a condition of approval (COA No. 40) requires that the applicant install exterior lighting designed to illuminate the front entrance corridor and behind the staircase. A detailed security plan was submitted to the Development Services Department as part of the Marijuana Business Permit and was reviewed by HdL, the City's security consultant. HdL

also inspected the building with the applicant and Planning staff on November 29, 2018 and recommended additional operational COAs as discussed later in this report.

The attached description letter provided by the applicant, which has also been reviewed by HdL, includes more detail regarding the above described activities and the areas within the building where these activities would occur (Attachment 3).

Product Loading/Unloading

This CUP application proposes loading and unloading of products into a delivery vehicle outside of a secured area. To date, the City has approved a total of 22 CUPs for Measure X facilities. Of the 22, eleven involved an outdoor loading/unloading component. Within Cambridge Park, the Planning Commission has approved eight CUP's with loading and unloading outside of the building.

In the case of the subject application, product would be transported in unmarked shipping boxes for retail-ready products or a secured, locked container from the building's distribution entry/exit door, which is adjacent to the subject suite, approximately 31 feet to a parking space proposed to be designated for loading/unloading. The parking space is located within a business complex parking lot which is open and accessible to other tenants in the area and managed by the Association. The Applicant has obtained approval from the Association for the proposed site improvements, including the proposed designated loading/unloading parking space.

HdL, the City's Security Consultant, has reviewed the proposed loading and unloading area and has not indicated concerns. HdL indicates that the risks associated of outdoor loading/unloading exist but are minimal. In addition, the proposal complies with State law. Notwithstanding, it is within the Planning Commission's discretion to require conditions that further minimize risk. Though the loading area is 31 feet away across a parking lot drive aisle, the route to the loading area is direct and would be under video surveillance at all times (COA No. 41). Therefore, staff supports the proposal.

Odor Management

The applicant proposes to distribute pre-packaged products that are ready for retail sales as well as packaged and sealed bulk materials (e.g. trim and distillate). No packaging or re-packaging of cannabis product would occur at this facility. No testing of marijuana products would occur at this facility; products would undergo third-party testing off-site. Air filtration systems would be provided throughout the suite to address odor management. As it relates to transporting product in and out of the distribution facility, products would be hermetically sealed and source material would be transferred in locked, odor-proof industrial containers. Further, conditions of approval require incorporation of odor control devices to ensure that odors from marijuana are not detected outside the property, anywhere on adjacent property or public right-of-way, or within any other units located within the same building as the marijuana business (COA No. 22).

GENERAL PLAN AND ZONING CODE CONFORMANCE

Conformance with the City of Costa Mesa General Plan

The Costa Mesa General Plan establishes the long-range planning and policy direction that guides change and preserves the qualities that define the community. The 2015-2035 General Plan sets forth the vision for Costa Mesa for the next two decades. This vision focuses on protecting and enhancing Costa Mesa's diverse residential neighborhoods, accommodating an array of businesses that 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 specific policies and objectives of the 2015-2035 General Plan.

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

   Consistency: The proposed use would provide a new entrepreneurial business in Costa Mesa as allowed under Measure X and provide new employment opportunities in the community.

2. **Policy LU-3.1:** *Protect existing stabilized residential neighborhoods, including mobile home parks (and manufactured housing parks), from the encroachment of incompatible or potentially disruptive land uses and/or activities.*

   Consistency: The proposed use would not be located near any residentially-zoned properties. Therefore, the proposed use is consistent with the General Plan Policy.

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 a growing industry and is proposed in a location as specifically identified for such uses by the City's electorate through Measure X. Therefore, approval would encourage new businesses and entrepreneurial opportunities in an area of the City identified for such by local voters.

Conformance with the Zoning Code

The proposed use, as conditioned, would meet the intent of the City's Zoning Code with regard to the PDI zone, as the use would entail distribution within an existing industrial

building zoned for that use. Distribution related to marijuana requires approval of a Conditional Use Permit.

JUSTIFICATIONS FOR APPROVAL

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.

Required Findings

- *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 proposed use is a distribution use and, with the recommended COAs, would be consistent with the other industrial uses in the immediate vicinity. Compliance with the COAs, as discussed in the following section, would allow this use to operate with minimal impact on surrounding properties and uses.

- *Granting the conditional use permit will not be materially detrimental to the health, safety and general welfare of the public or otherwise injurious to property or improvements within the immediate neighborhood.* The proposed use is within an existing building and is consistent with the PDI zoning of the property and the properties immediately abutting the site. The recommended COAs, including those related to outdoor loading and unloading, are intended to ensure that the project 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. Measures designed to maintain security at the facility, as proposed and conditioned, include a monitored video surveillance system (covering all exterior entrances, all paths of travel to and from the designated loading/unloading area, and all interior spaces of the facility).

- *Granting the conditional use permit will not allow a use, density or intensity which is not in accordance with the General Plan designation and any applicable specific plan for the property.* The use is consistent with the General Plan goals and policies as discussed earlier in this report. The proposed use is within an existing building and there are no proposed additions to the building; therefore, there is no change to density or intensity. In addition, the proposed use is a conditionally permitted use in the industrial zone.

Conditions of Approval

More than 30 COAs are included in the Administrative Regulations for uses subject to Measure X, beyond standard COAs for CUPs. These new conditions were developed specifically for marijuana uses. These conditions include, but are not limited to, the following:

- Business identification signage shall be limited to that needed for identification only. Business identification signage shall not include any references to marijuana, whether in words or symbols. All signs shall comply with the Costa Mesa Municipal Code. No sign shall be installed until the owner/operator or its designated contractor has obtained any permit required from the City. (COA No. 7).
- Cannabis shall not be consumed on the premises at any time, in any form. (COA No. 14).
- No outdoor storage of cannabis or cannabis products is permitted at any time. (COA No. 15).
- Persons under the age of twenty-one (21) years shall not be allowed on the premises of this business, including employees of the business. (COA No. 18).
- No cannabis or cannabis products, or graphics depicting cannabis or cannabis products, shall be visible from the exterior of this property, or on any of the vehicles owned or used as part of the marijuana business. (COA No. 20).
- Each entrance to the business shall be visibly posted with a clear and legible notice stating the following (COA No. 21):
    - That smoking, ingesting, or otherwise consuming cannabis on the premises or in the areas adjacent to the marijuana business is prohibited.
    - That no person under the age of twenty-one (21) years of age is permitted to enter upon the premises.
    - That loitering by persons outside the facility both on the premises and within fifty feet (50') of the premises is prohibited.
- All employees must wear an identification badge while on the premises of the business, in a format prescribed by the City Manager. (COA No. 25).
- 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. (COA No. 30).
- 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 (COA No. 33).

In addition to standard COAs, staff has added the following condition which requires implementation of certain security-related requirements as recommended by the City's security-consultant, HdL. (COA No. 40):

- The applicant shall strengthen security at glass door(s) and windows in the form wall(s) to cover the glass, install a product similar to 3M™ Scotchshield™ safety and security window film or other method or product approved by the City.
- The proposed secured storage area should be equipped with a self-closing, self-latching solid core door. Access control procedures should be designed so that the applicant can monitor and restrict access, as needed.
- The applicant shall install exterior lighting designed to illuminate the corridor and behind the staircase near the south entrance.

- Staff has also included the following site-specific COAs relating to the distribution and delivery activities outside of the building:

    - Any activities relating to the loading and unloading of cannabis products shall take place in a designated loading area approved by the City (also subject to approval of the Business Owners Association), and shall be monitored by security cameras at all times. (COA No. 41).
    - Delivery vehicles shall only park in designated loading zone(s) during scheduled delivery times. All loading and unloading activity specific to this use shall be limited to one delivery vehicle at any given time. (COA No. 42).

Completion of the Marijuana Business Permit and Business License

As noted above, obtaining approval of the CUP is only part of the process involved with obtaining a Marijuana Business Permit and commencement of business operations. If the CUP is approved by the Planning Commission, the applicant will be required to obtain the necessary final approvals from CID, Building Safety, Fire Prevention, and the Finance Department in order to finalize the Marijuana Business Permit and obtain a business license from the City. Additionally, the applicant must also receive approval from the State of California to operate the marijuana business.

ENVIRONMENTAL DETERMINATION

The project is exempt from the provisions of the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15301 (Class 1) for Existing Facilities. The project is consistent with the applicable General Plan designation and all applicable General Plan policies as well as with applicable zoning designation and regulations.

LEGAL REVIEW

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

PUBLIC NOTICE

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

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

As of the date of this report, no written comments have been received from the public. Any public comments received after the date of this report but prior to the Planning Commission hearing will be provided separately.

ALTERNATIVES

The Planning Commission may take one of the following actions.

1. *Approve the project, as proposed*. The Planning Commission may approve the project, subject to the conditions of approval as recommended by staff. A Resolution for approval is provided as Attachment 5.

2. *Approve the project with modifications*. The Planning Commission may suggest specific changes that are necessary to alleviate concerns raised at the public hearing regarding the proposed use. If any requested changes are substantial, the item should be continued to a future meeting to allow for a redesign or additional analysis. In the event of significant modifications to the proposal, staff will return with a revised resolution incorporating new findings and/or conditions.

3. *Deny the project*. If the Planning Commission believes that there are insufficient facts to support the findings for approval, the Planning Commission must deny the application, provide facts in support of denial and direct staff to modify the Resolution to reflect the findings for denial. If the project were to be denied, the applicant could not submit substantially the same type of application for six months.

CONCLUSION

The use, as conditioned, reflects a use that is consistent with the intent of the Zoning Code, the City's General Plan, and the City of Costa Mesa Marijuana Measure (Measure X) as revised. Therefore, staff recommends approval of PA 19-09, subject to conditions.

Katelyn Walsh

KATELYN WALSH
Assistant Planner

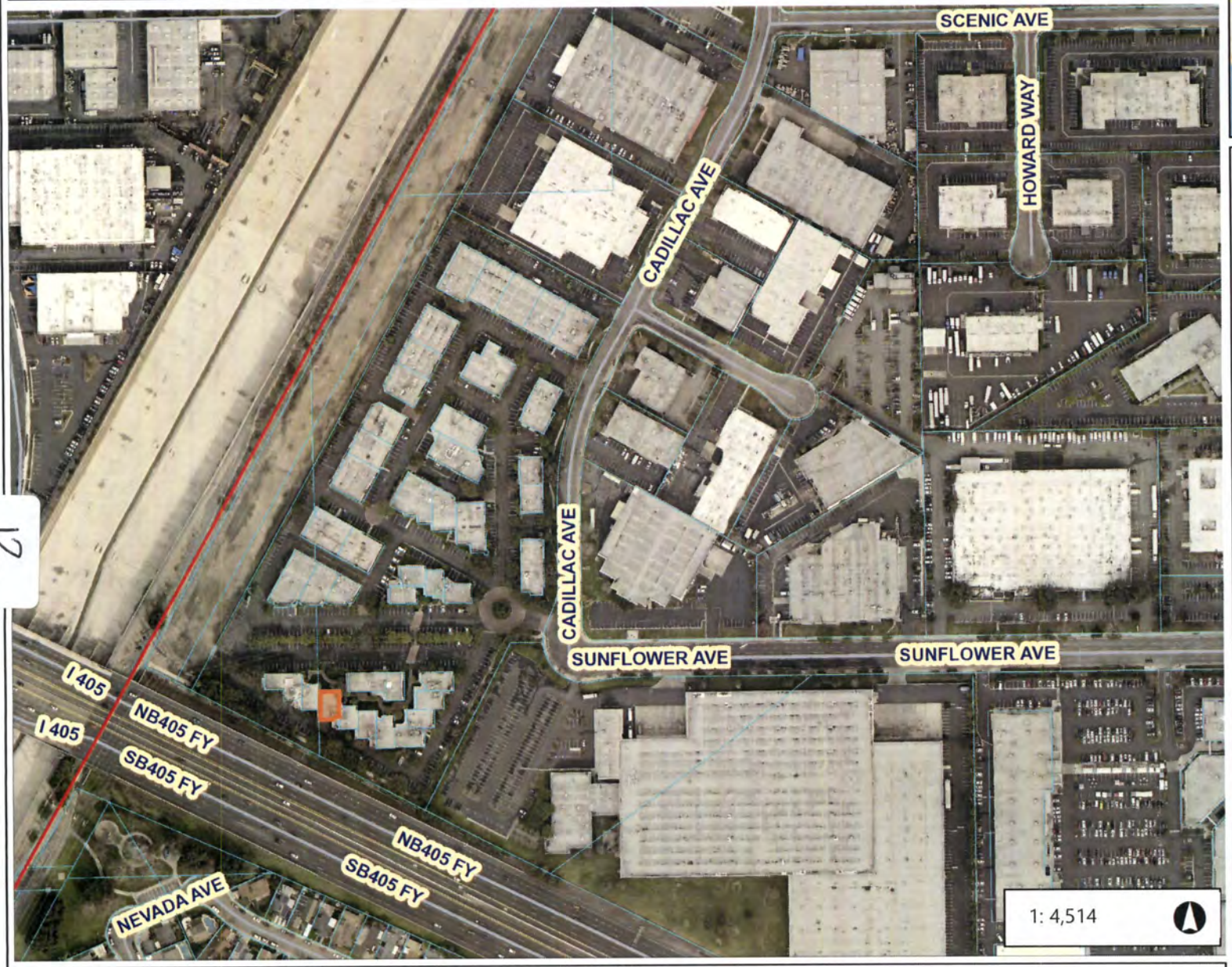
BARRY CURTIS, AICP
Director of Economic and Development Services

Attachments:
1. Vicinity, Zoning, and Notification Radius Map
2. Site Photos
3. CUP Letter, Operating Procedures, and Preliminary Safety Plan
4. Project Plans
5. Draft Planning Commission Resolution and Exhibits

Distribution:	Director of Economic and Development Services Assistant Director of Development Services Assistant City Attorney Director of Public Services City Engineer Transportation Services Manager Fire Protection Analyst File
Applicant:	Courtney Eder 3505 Cadillac Avenue, Unit O-107 Costa Mesa, CA 92626
Owner:	GMEP Engineering Consulting 3 MacArthur Blvd, Suite 855 Santa Ana, CA 92707

Costa Mesa

[illegible] Vicinity Map ([illegible] Cadillac Avenue, Unit [illegible])



Legend

Costa Mesa

Notes

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ATTACHMENT 1

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Costa Mesa

PA-19-09 Zoning Map (3505 Cadillac Avenue, Unit O-107)

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
- PDR-NCM - Planned Development Mesa
- I&R - Institutional Recreactional
- I&R-S - Institutional Recreational
- P - Parking
- CL - Commercial Limited
- PDC - Planned Development Comn
- PDR-LD - Planned Development R
- PDR-MD - Planned Development R Density
- PDR-HD - Planned Development R

Notes

0.1 0 0.07 0.1 Miles

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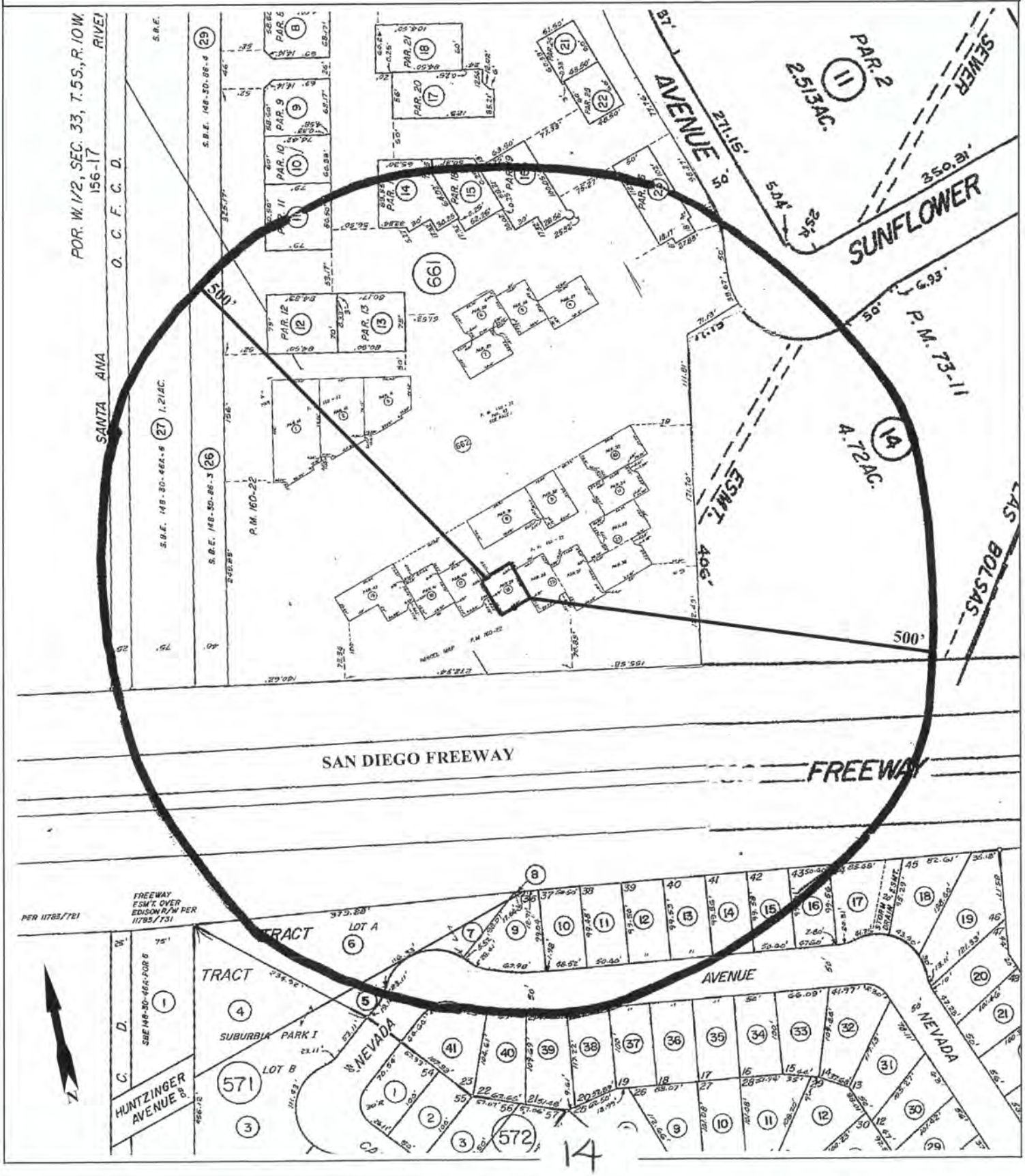
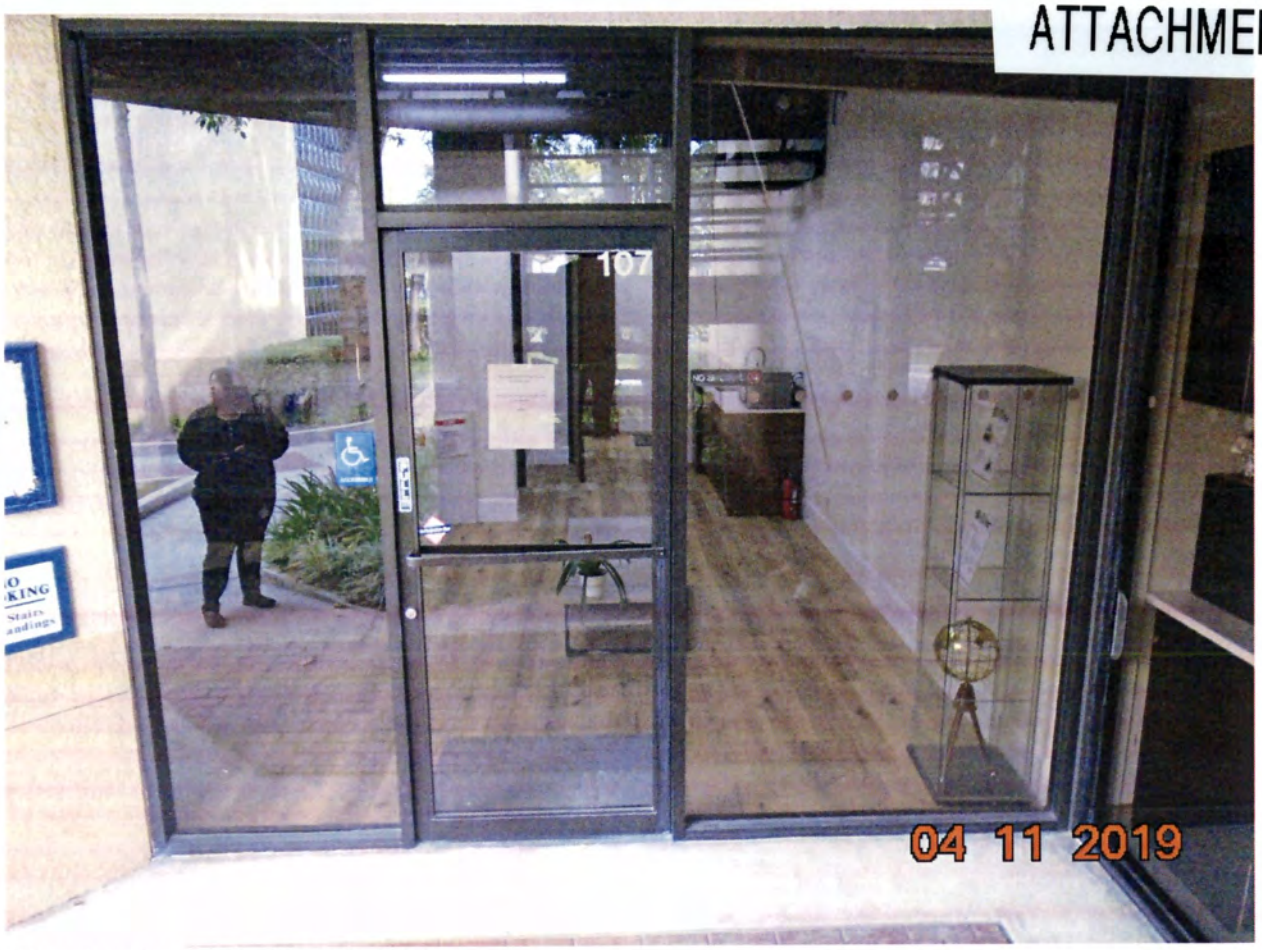
Advanced Listing Servic Inc
Ownership Listings & Radius Maps
P.O. Box 2593 • Dana Point, CA • 92624
Office: (949) 361-3921 • Cell: (949) 310-6869
www.Advancedlisting.com denise@advancedlisting.com

Subject APN: 139-662-16
500' RADIUS

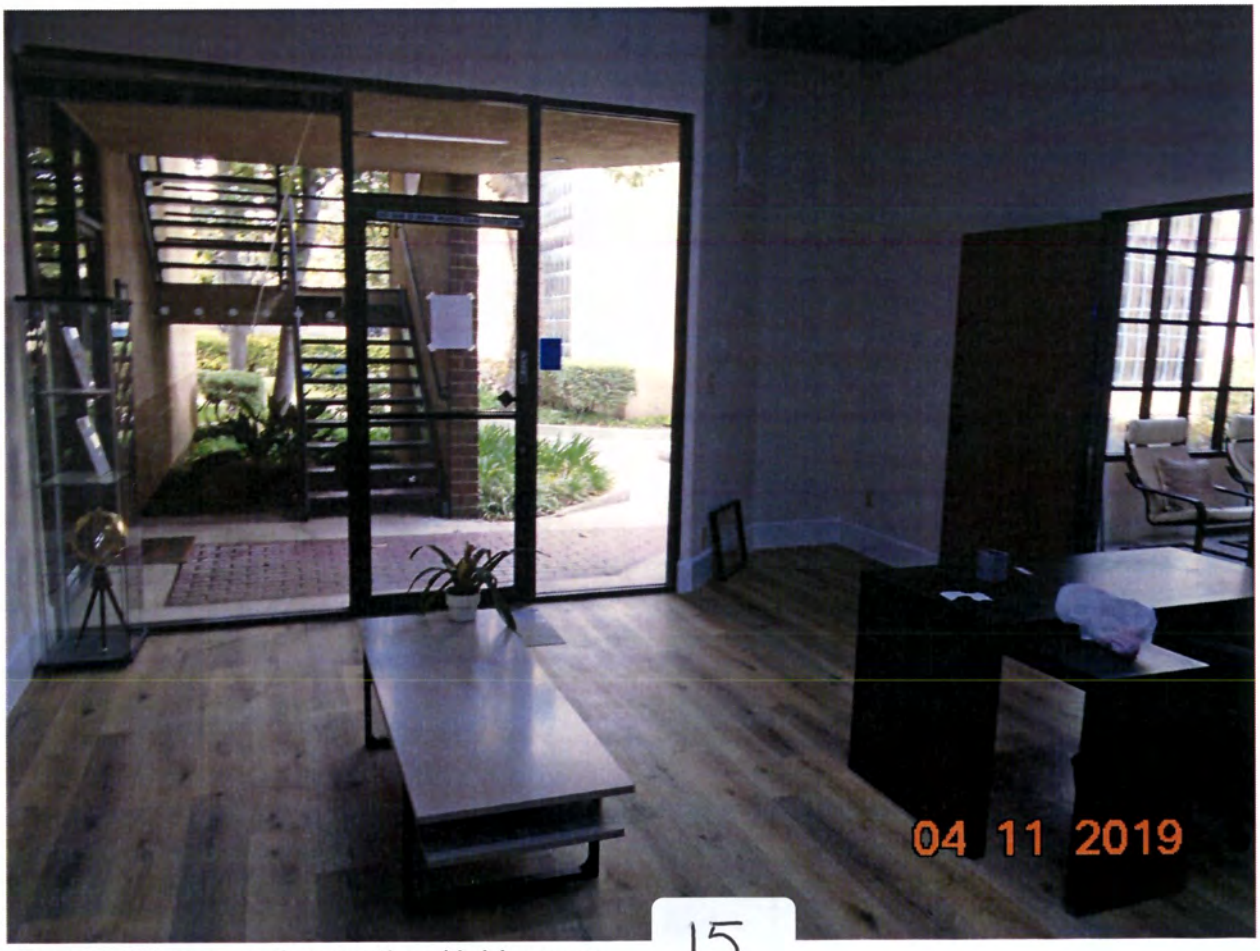
Address: 3505 CADILLAC AVE O107
COSTA MESA CA 92626



ATTACHMENT 2



Front entrance to Unit O-107



Front entrance and reception / lobby area

Reception / lobby area and break room

Proposed storage area within limited access (facing front)

Proposed product intake area within limited access (facing rear)

Rear entrance to Unit O-107

Proposed outdoor loading zone and adjacent parking spaces (rear of building)

SHELF LIFE

Conditional Use Permit Application Letter

APPLICANT NAME:	Shelf-Life, Inc.
LOCATION:	3505 Cadillac Avenue, Bldg O, Suite #107, Costa Mesa
BUSINESS LICENSE:	Shelf-Life, Inc. will obtain a Costa Mesa Business License prior to commencing cannabis activity inside of 3505 Cadillac Ave., Bldg O, Suite #107, Costa Mesa
CITY TAX REVENUE:	6% of current Gross Receipts will equate to over $500,000 in Tax Revenue for the City of Costa Mesa
STATE LICENSE:	Shelf-Life, Inc. is seeking to obtain a Type-11 Distribution License from the Bureau of Cannabis Control (BCC) / State of CA.

STATEMENT OF INTENT: Shelf-Life, Inc. seeks a business permit from the City and a Type-11 Distribution License from the State. The business of Shelf-Life, Inc. at this location will be limited to distributing licensed, pre-packaged retail ready goods and sealed bulk goods, such as trim and distillate. No manufacturing, no processing, and no rolling of joints will occur at this location.

PRIMARY ACTIVITIES:

1. Distributors are exclusively responsible for collecting and remitting both cultivation and excise tax to the California Department of Tax and Fee Administration (CDTFA).

2. Distributors are responsible for coordinating the required third-party testing of cannabis goods.

3. Quality Control. Distributors are responsible for ensuring that product packing and labeling conforms with both the Bureau of Cannabis Control, and the Consumer Department of Public Health and Safety's, published regulations.

FACILITY DESCRIPTION: 3505 Cadillac Avenue, Building O, Suite 107, is a 1,907 square foot facility located within the cannabis designated space, Measure X, of Costa Mesa, CA. This is two story building, with Suite #207 situated directly on top of the proposed Suite. Suite #207 will be utilized solely for our administrative and sales team. No cannabis products will be stored within Suite #207.

Suite #107 will serve as Shelf-Life's Southern California distribution headquarters. Shelf-Life's business model is selling, marketing and "retail ready" cannabis brands to licensed dispensaries, and selling sealed and packaged source material (trim, distillate, etc.) to licensed manufacturers.

OFFICE HOURS: While our standard office hours are 9AM - 6PM Monday - Friday, there may be staff on-site before and after office hours. For example, during inventory reconciliation, etc.

SECURITY: The facility will have security systems throughout, in compliance with the cannabis regulations put forth by the State of California. The facility will include digital key fob readers on all doors, panic alarm devices for employees, security cameras, strategically placed throughout the interior and exterior of the facility
(see Security Plan for detailed overview).

HISTORY: Shelf-Life, Inc. is a S-Corporation formed in preparation for the 2018 regulatory cannabis system. Shelf-Life, Inc. was created to replace our original non-profit entity, OC Analytics.

OC Analytics has been a Not for Profit Medicinal Cannabis Collective Supplier since 2016, which was Proposition 215's version of a cannabis distributor.

OBJECTIVES:
The first objective of Shelf-Life Distributing is to stay educated and informed of regulation updates. Shelf-Life stays abreast of regulation and policy changes through organizations such as The National Cannabis Industry Association (NCIA), The California Distribution Alliance (CDA), our Legal Counsel, and various Regulation Legal and Consulting Forums.

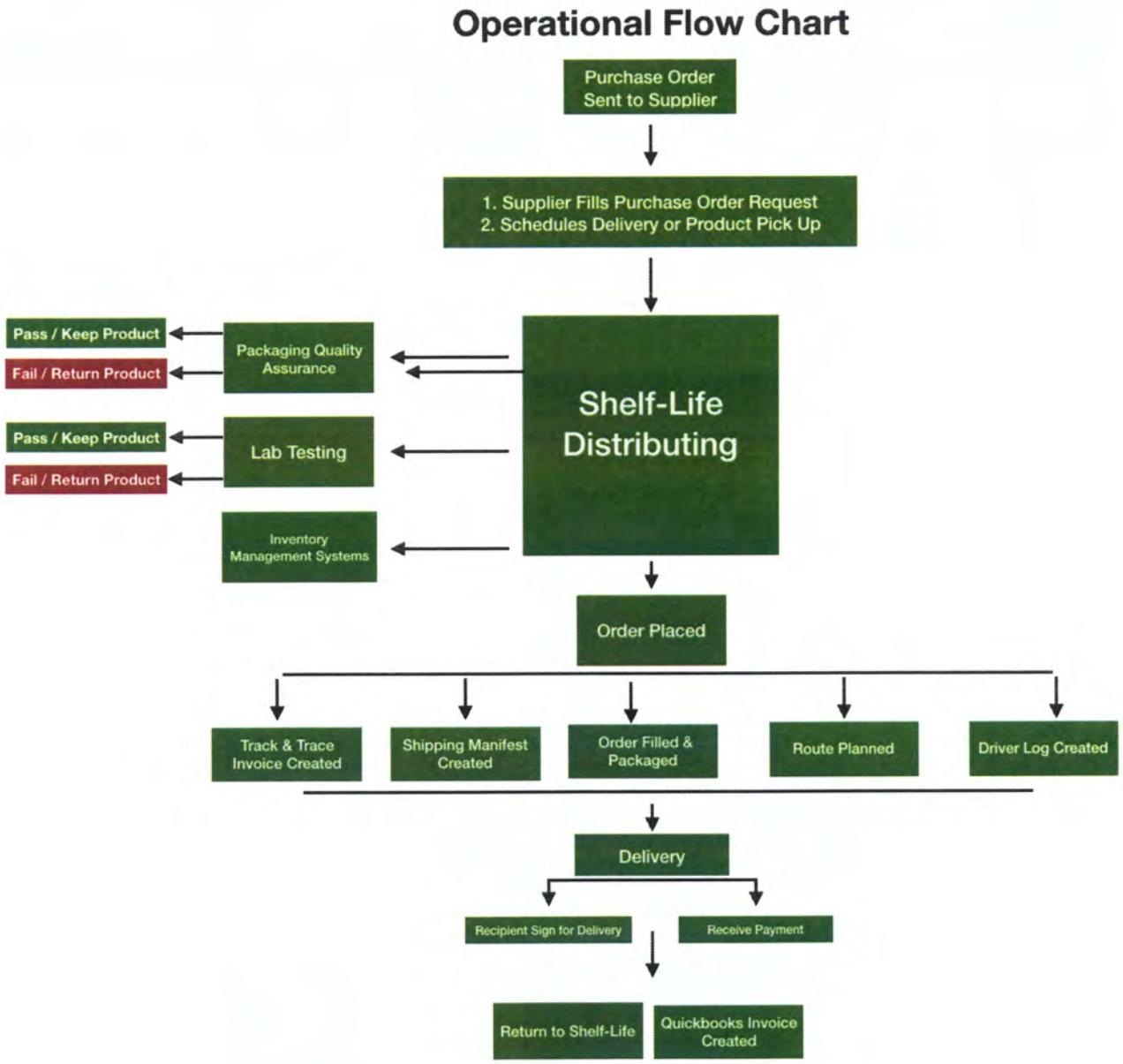
Our second objective is to be a good neighbor. Our business model and Standard Operating Procedures have been crafted to ensure compatibility and consistency with neighboring businesses. From security procedures, to odor control protocols, to directing traffic flow.

Shelf-Life has procedures, quality checks, record keeping and full tracking throughout the entire process; from receiving packaged products, thru the delivery of products to licensed dispensaries and delivery services.

These protocols ensure regulatory compliance, full track and traceability and mitigate diversion risk. Please review the enclosed Shelf-Life Training Manual for additional information.

SHELF LIFE

OPERATIONAL FLOW CHART:



RECEIVING:
To distribute licensed cannabis goods, Shelf-Life, Inc. must first receive cannabis goods to be distributed, through a Purchase Order.

1. Shelf-Life, Inc. submits a Purchase Order to a Supplier.
2. The Supplier fills purchase order, and schedules a Shelf-Life associate to pick up the order, or schedules their licensed employee to deliver the order.
    a. If their licensed employee delivers the order to our Costa Mesa facility, they will adhere to our standard delivery operating procedures.
    b. Shelf-Life, Inc.'s delivery procedures are emailed to the Supplier's delivery driver when the appointment for delivery is confirmed.

The receiving policy / protocol is overseen by our Account Manager, who is registered with the State of California as Shelf-Life's designated "Account Manager".

During the visual inspection, the Account Manager shall ensure a label is physically attached to each container of each batch, with the following information.

(1) The manufacturer or cultivator's name & license # that provided the batch
(2) The date of entry into the distributor's storage area
(3) The unique identifiers and batch number associated with the batch
(4) A description of the cannabis goods with enough detail to easily identity the batch
(5) The weight or quantity of units in the batch
(6) The best-by, sell-by, or expiration date of the batch if any.

After taking physical possession of the cannabis goods batch, Shelf-Life Distributing shall contact a testing laboratory and arrange for a laboratory employee to come to our licensed premise to pick up a representative sample for lab testing. A Shelf-Life employee must be present. The interaction must be video recorded and maintained for a minimum of 90 days as required by the state. Both lab employee and the Shelf-Life employee shall sign and date the chain of custody form.

As per state regulations, our Shelf-Life employee may not assist the lab employee nor touch the cannabis goods or sampling equipment, while the lab employee is collecting the sample.

Once the packaged product passes the quality assurance review, and sent for testing, it is received into our accounting system, Quickbooks. It is then added to Distru, our inventory management and point of sale system. Track and Trace Technology will be an added layer inventory management, once it is adopted by the State and ready for use.

STORAGE: Of the 1,912 square feet of space in Suite #107 — roughly 1600 square feet will be considered "limited access" which will securely house packaged cannabis products in a DEA approved security cage. The DEA cage provides an additional barrier of secured entry. There will be no storage of products within Suite #207.

The 1600 square foot Limited Access Area refers to the area in which any cannabis is held, quarantined, or stored.

SHELF LIFE

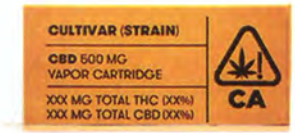
PRODUCT PORTFOLIO

Please see images below, to see a sample of products currently on our menu.

Skywalker

Banangie

Orange Cream



SHELF LIFE

Sales Order Flow / Fulfillment Process

Step 1:
Shelf-Life Sales Representative submits an order through Distru, Metric approved software.

Step 2:
The order is received by the Account Manager, and a Sales Order is printed. The Account Manager issues the Sales Order to the Fulfillment Coordinator.

Step 3:
Shelf-Life's Fulfillment Coordinator pulls the order. Highlighting each item as it is placed in a delivery box. And signs off when he is has filled the order. Once the order is filled, the cardboard delivery box is taped and sealed. The delivery boxes are non branded and measure 12 x 12 x 16. The boxes are labeled with the store name, and sequenced for the delivery drivers to pick up the following day.

Step 4:
Two copies of invoices and shipping manifests are created.

Step 5:
Folders and boxes are lined up in the limited access room.

Step 6:
The morning of delivery, the boxes are moved to the staging area within the Limited Access Area. The deliveries area locked up until the Shelf-Life delivery driver pick up their orders in the morning. One vehicle will be loaded at a time, while parked in the loading and unloading designated space.

Step 7:
The Shelf-Life Logistics Director & Delivery Driver will load vehicles, one at a time. Parked in the designated parking space.

SECURE PRODUCT TRANSPORT FROM SUBJECT SUITE TO PARKED VEHICLE
The path of travel is concise - with limited movement and limited exposure. Directly out the back door of our facility - is a designated loading space for Shelf-Life's use only. This pathway offers very little, and no interference with guests, or clients of neighboring businesses.

An elevated level of security is in place when a pick up or delivery action is initiated.

The process is precise, planned and designed to be quick. Time to load and unload is at a minimum.

Shelf-Life, Inc. will keep this pathway under constant video surveillance.

Our team has been in the cannabis industry for several years. We use unmarked boxes and hand trucks *(Image 2)* so that we blend in and loading time is quick and efficient.

NOTE: The transport of bulk material such as trim and distillate will be carried in a locked, odor proof Pelican Case such as the one shown below *(Image 1)***.**

Image 1: Bulk Material Transport Method

Image 2: Retail-Ready Sealed Goods Transport Method

DELIVERY VEHICLES

Shelf-Life, Inc. currently has four delivery vehicles:

Vehicle 1-3:
Dodge City ProMaster

SHELF LIFE

Vehicle 4:
Dodge ProMaster 1500

DELIVERY VOLUME AND FREQUENCY

Outbound Delivery Days:
MONDAY - FRIDAY, Daily
WEEKENDS, Intermittent

Inbound Delivery Days:
MONDAY - FRIDAY

Total Length of Time per Delivery:
Total *loading* time will be less far less than 30 minutes per day, with an average of 10 round trips to the Shelf-Life delivery vehicle(s). Only one vehicle may be loaded at a time. The vehicle being loaded must be located in Shelf-Life's single designated space.

The total *unloading* time will be less than 30 minutes per delivery. Shelf-Life anticipates an average of 5 deliveries per week when operating at full capacity.

Delivery Standards:
For safety purposes, delivery days are subject to change - with advance notice to our Shelf-Life employees. The driver's schedules are changed intermittently to ensure they are not at the same store every week at the same time.

During the delivery process, only a licensee or an employee of Shelf-Life shall be in a vehicle while transporting cannabis goods. Packages or containers holding cannabis goods shall not be tampered with, or opened during transport.

The Shelf-Life Delivery driver shall only travel between licensees shipping or receiving cannabis goods and 3505 Cadillac Ave., Building O, Suite 107, when engaged in the transportation of cannabis goods.

A Shipping Manifest accompanies every transportation of cannabis goods. Shelf-Life shall generate a Shipping Manifest for each the following activities:

(1) Testing and Sampling
(2) Sale of Cannabis Goods to a Licensee
(3) Disposal of cannabis goods

Upon arrival to the Account/Dispensary, our delivery driver is instructed to exit the car, lock behind him/her and enter the dispensary through an entrance not used by the general public. Our delivery drivers are to notify the dispensary's security team before unloading the vehicle / entering our customer's building. *(For additional information, please review our Logistics Standard Operating Procedures located within our Policy and Guideline Handbook)*

ODOR MANAGEMENT:

Shelf-Life, Inc's activities will not generate detectable cannabis odors. Shelf-Life will be in compliance with odor nuisance standards set forth by the City of Costa Mesa and Bureau of Cannabis Control. Governing jurisdictions have set odor control standards, to ensure that the odor of cannabis is not detectable from the exterior of the licensed premise.

To ensure no cannabis odor will be detected from the exterior of the subject Suite, Shelf-Life has created the following Odor Mitigation Plan:

1. Install Hydrofarm Active Air Carbon Filters.
   The Active Air Carbon Filter features high-grade activated charcoal for maximum odor control. The filters are high performance due to their corrosion-resistant galvanized steel, thick carbon beds and changeable Velcro pre-filters. This filtration system operated on a timer and is quiet so the noise will be undetected to neighboring facilities.
2. All cannabis products, both retail ready and bulk, will be tightly sealed and packaged.
3. No manufacturing or processing will take place inside the subject Suite (no rolling of joints or re-packaging of cannabis flower).

WASTE MANAGEMENT PLAN:

Shelf-Life, Inc. will utilize a Cannabis Waste Management Service in the following circumstances:

1) If a batch fails regulatory testing, and the manufacturer does not want the product returned to their license facility.
2) If a licensed dispensary returns a defective cannabis product to Shelf-Life, and the licensed manufacturer does not want the defective product retuned to their license facility.

Shelf-Life, Inc. will contract MediWaste Disposal Services. MediWaste manages all waste streams that are produced in the cannabis industry.

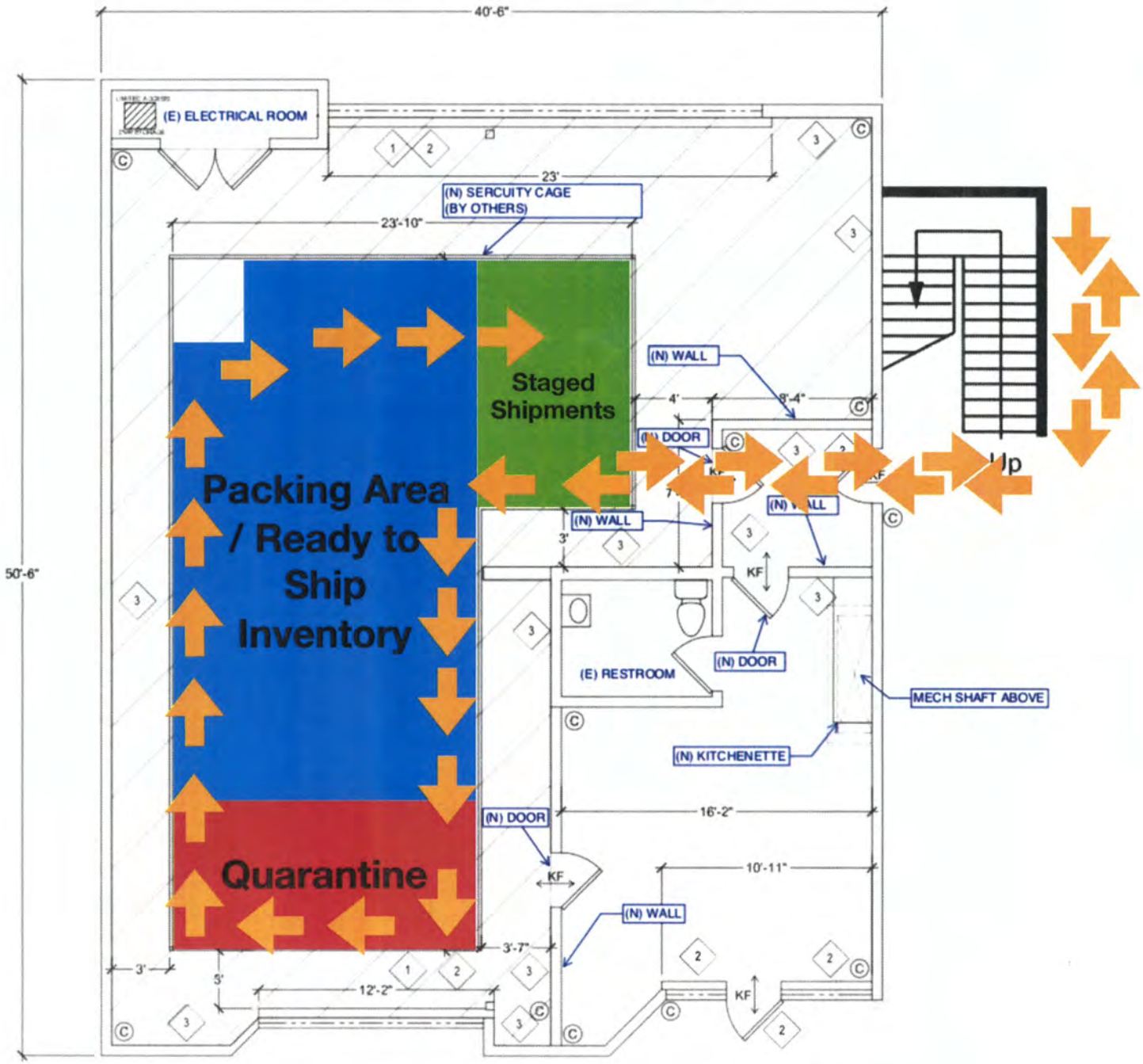
MediWaste Disposal
DTSC Haz Permit #6300
Motor Carrier Permit #CA 0446205
CHP Hazardous Materials Transport License #228307
RCRA ID# CAR000265140
Weigh Masters License #014137

Headquarters: Corona, CA

INVENTORY:

1. Shelf-Life, Inc. shall reconcile inventory every 30 days.
2. Any significant discrepancy shall be reported to the City of Costa Mesa and the Bureau of Cannabis Control. A significant discrepancy is defined by the BCC as, "a difference in inventory compared to records pertaining to inventory of at least 3 percent of the average monthly sales of the licensee" *(Page 33, Regulation 5034 in the Bureau of Cannabis Control Order of Adoption)*

Product Flow Diagram



LEVEL 1

JD PROPERTY
MANAGEMENT
INCORPORATED
Since 1974

3520 Cadillac Avenue / Suite B
Costa Mesa, California / 92626
714 751-2787 / Fax 714 751-0126
www.jdproperty.com

March 6, 2019

RE: *Converting One Parking Space to "Loading/Unloading" Space for*

Building O-107 & O-207, 3505 Cadillac Ave., Costa Mesa (Cambridge Park)

To whom this may concern:

The Cambridge Park Association approves of the request by the occupants of Building O-107 & O-207 to convert one parking space to one loading/unloading space. The exact space to be determined.

The Association will do the new striping for the space and will continue to maintain the parking lot as well as the new loading/unloading space.

Thank you and please contact me should you need any additional information.

Arthur J. Holland

Property Manager, JD Property Management, Inc.

aholland@jdproperty.com

Licensed Real Estate Broker in California
California Real Estate License # 00543115

Safety Plan

Shelf Life Distributing
3505 Cadillac Ave.
Building O
Suite #107
Costa Mesa, CA 92626

It is our intention here at Shelf Life to initiate and maintain a complete accident free and safe business. Each individual is responsible for safety and good health practices.

The building is a 50' x 40' two story, rectangular shape office building with fire alarms and carbon monoxide detectors throughout.

Shelf-Life Distributing will occupy the second story, Suite #207, as administrative office space.

Fire Alarm System

The Fire Alarm System has detectors throughout the building plus pull stations at the end of the hall and in the lobby.

HVAC

Heating Ventilation Air Conditioning System is a brand new dedicated rooftop unit, installed January 2019.

Fire Emergency

A Fire Extinguisher will be covered as part of employee orientation.

If you discover a fire: Tell another person immediately.
Call 911 and a supervisor.

If the fire is small (such as a wastebasket fire) and there is minimal smoke, you may try to put it out with a fire extinguisher.

If the fire grows or there is thick smoke, do not continue to fight the fire.

Tell other employees in the area to evacuate.

Go to the designated assembly point outside the building.

Odor Control

The product Shelf-Life distributes is pre-packaged, vacuum sealed, or stored in smell proof bags, and therefore is odorless. To go above and beyond, Shelf-Life Distributing will install charcoal canisters filters, as an additional odor mitigation system.

House Keeping

Always store materials in a safe manner. Tie down or support materials if necessary to prevent falling, rolling, shifting.

Shavings, dust scraps, oil or grease should not be allowed to accumulate.

Good housekeeping is a part of the job.

Trash pile must be removed as soon as possible. Trash is a safety and fire hazard.

Immediately remove all loose materials from stairways, walkways, ramps, and platforms.

Do not block aisles, traffic lanes, fire exits, hallways, or stairs.

Safe Work Practices

Avoid shortcuts- use ramps, stairs, and walkways.

Do not remove, deface or destroy any warning, danger sign, or barricade, or interfere with any form of accident prevention device or practice provided for your use or that is been used by other workers.

Get help with heavy or bulky materials to avoid injury to yourself or damage to material.

Do not use tools with split, broken, or loose handles, or burned or mushroomed heads.

Keep cutting tools sharp and carry all tools in container.

Know the correct use of hand and power tools. Use the right tool for the job.

Electrical

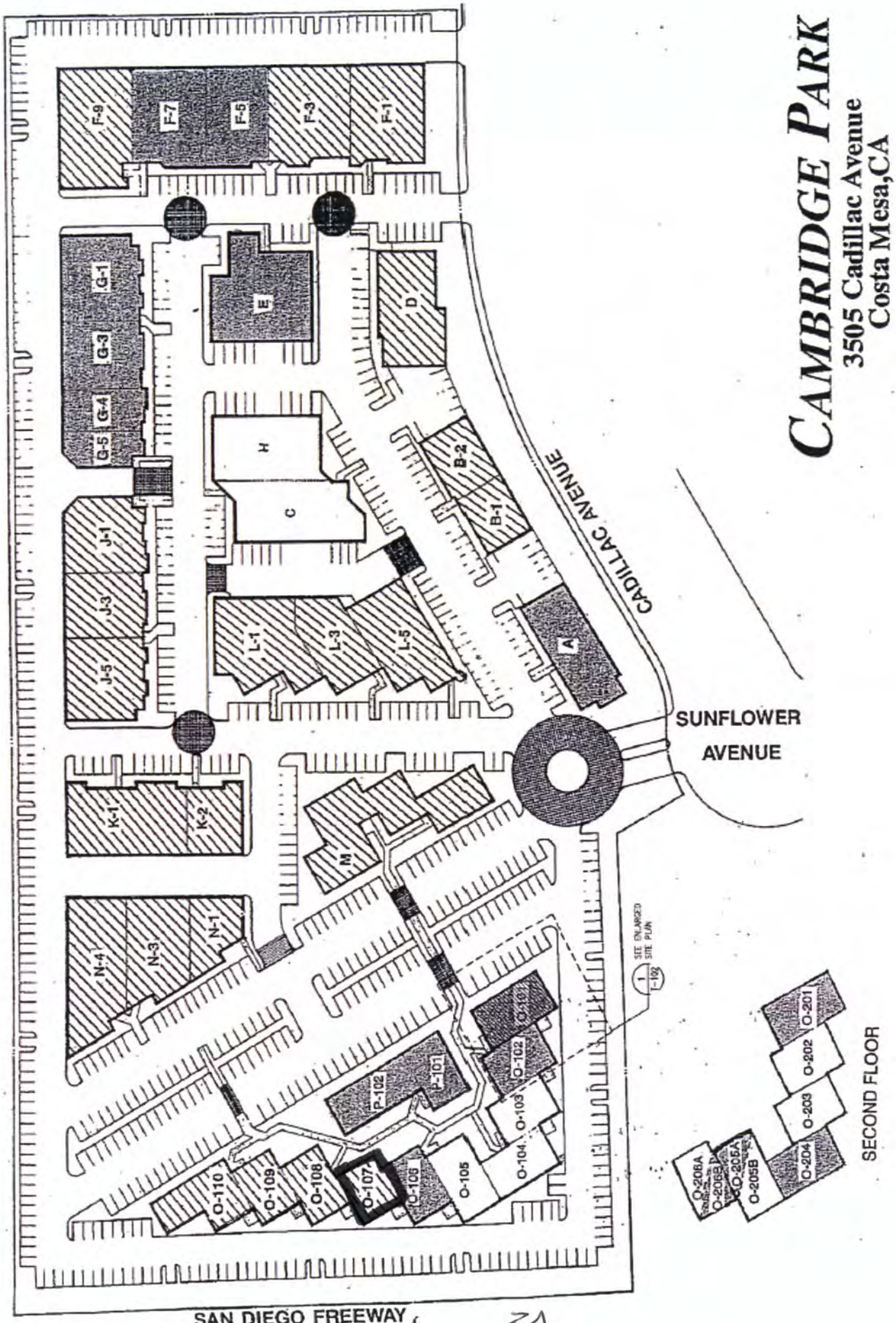
All appliances will be (UL) listed

Ground-fault circuit interrupters (GFCI) will be used whenever possible.

Electrical cords will be inspected daily and repaired or replaced.

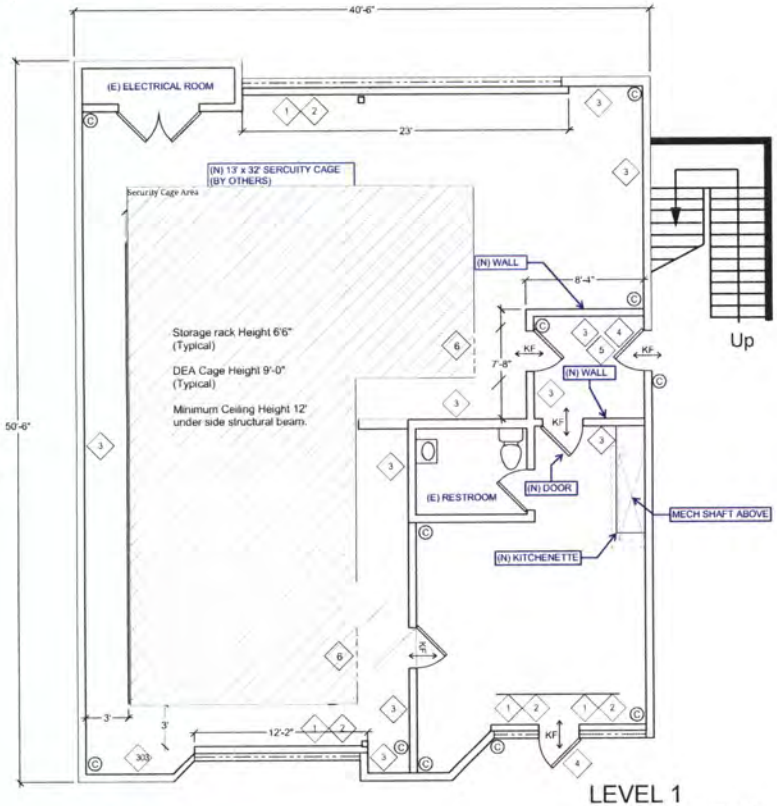
Do not operate any power tool or equipment unless you are trained in its operation.

ATTACHMENT 4



KEYNOTES:

1. PROVIDE WALL TO COVER ENTIRE WINDOW. WALL ASSEMBLY SHALL BE CONSTRUCTED FROM 3/4" SHEETROCK WITH METAL MESH COVERING UP TO 4' FROM FINISHED FLOOR, COVERED WITH LAYER OF 1/2" DRYWALL. THE REMAINING PORTION OF THE WALL TO BE CONSTRUCTED FROM 1/2" DRYWALL.
2. 18 GAUGE STUDS 16" CENTER TO CENTER.
3. PROVIDE 3/4" PLYWOOD WITH 1/2" DRYWALL, INSTALLED 4' FROM FINISHED FLOOR ON EXISTING WALLS. PAINT TO MATCH EXISTING COLOR AND POWER OUTLETS TO BE RELOCATED ACCORDINGLY.
4. PROVIDE 3M SHATTERPROOF FILM FOR WINDOW ON DOOR.
5. Distribution Entry/Exit Door
6. Access to Door to DEA Cage.



LEVEL 1

TOTAL AREA: 1,900 SF

LEVEL 1 NOTES:

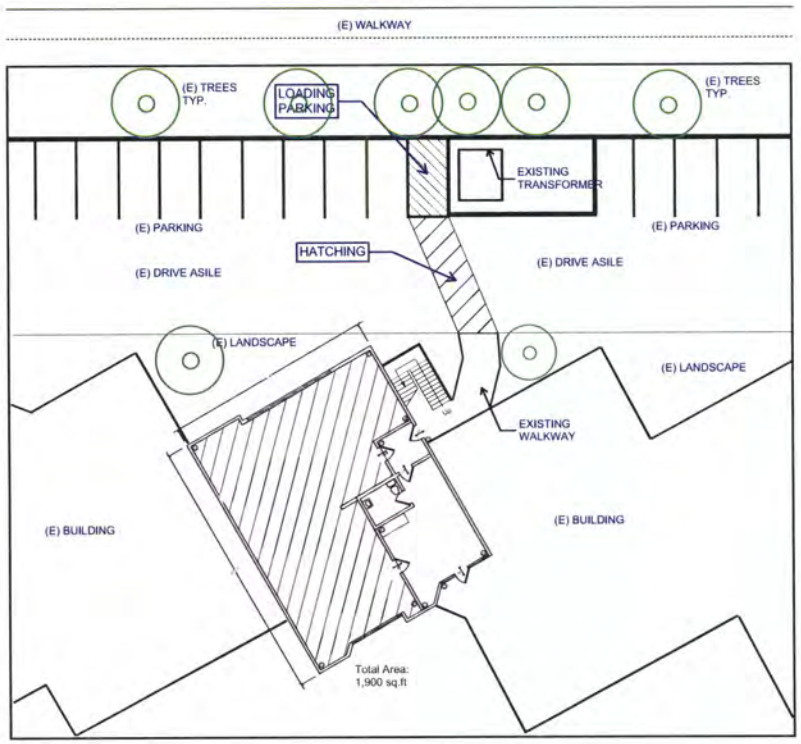
1. CONCRETE FLOOR & SEALANT
2. CEILING TRUSSES TO BE PAINTED BLACK.
3. WALLS TO BE PAINTED OFF-WHITE OR TENANT SPECIFIED.

- LIMITED ACCESS AREA
- KF — SECURED KEY FOB ENTRY
- SHATTER PREVENTION LAMINATE ON ALL WINDOWS
- CAMERA

N

1/4" = 1'-0"

SUITE 107 | 2



N

3/32" = 1'-0"

SITE PLAN | 1

GREEN MEP Engineering Consulting, Inc.
3 MacArthur Place, 8th Floor
Santa Ana, CA 92707
949.232.1919
www.greenmep.com

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PROJECT:
CAMBRIDGE PARK SUITE 107

FINAL PROJECT BIDDING TO BE BASED ON FINAL CONSTRUCTION DOCUMENTS APPROVED BY THE LOCAL BUILDING & SAFETY DEPARTMENT

OWNER:

LOCATION:
COSTA MESA, CA

REVISIONS

NO	DATE	DESCRIPTION
1		

SHEET NAME:
SUITE 107

PROJECT NUMBER:
N/A

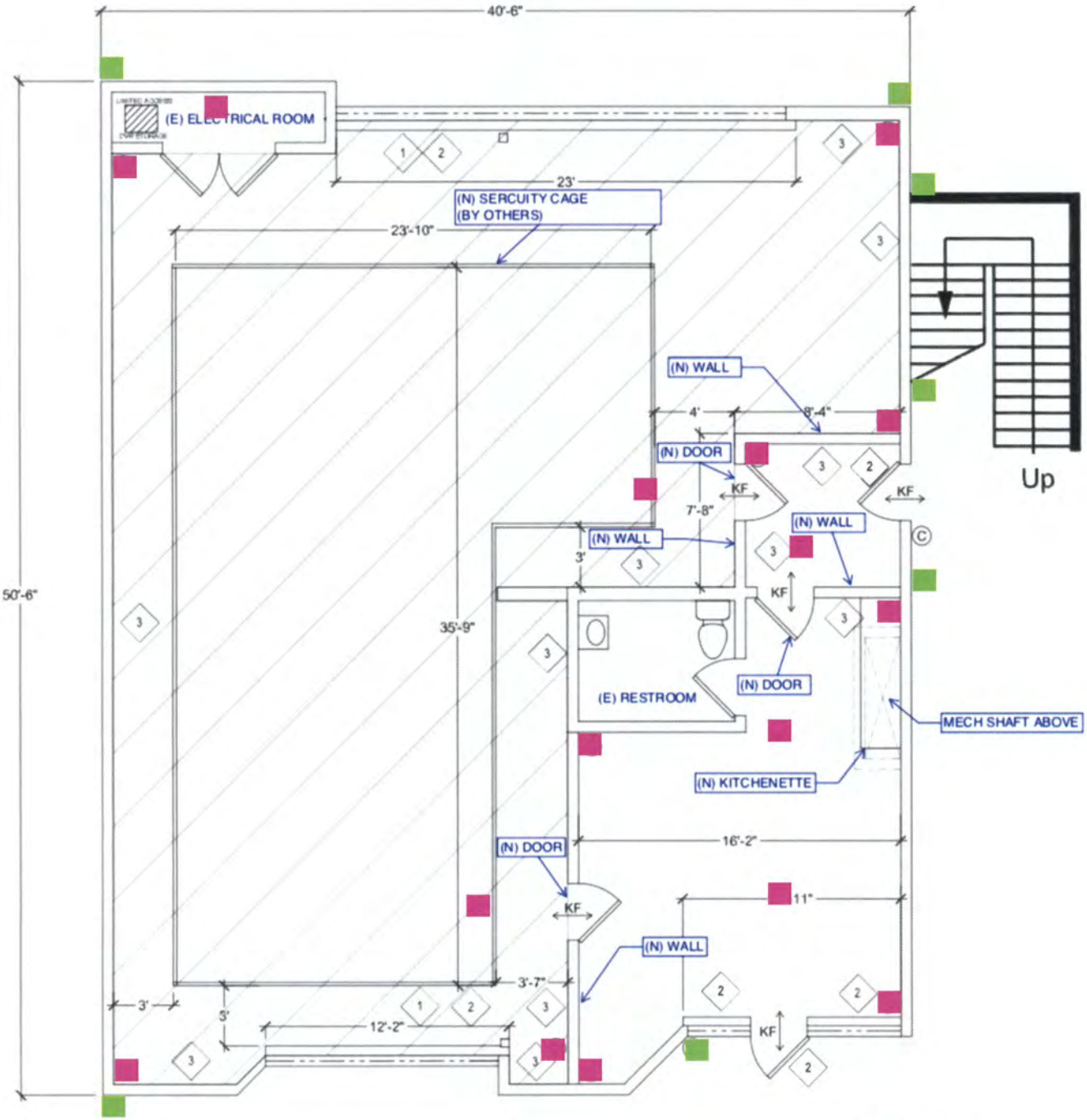
ENGINEER: BE
DRAFTER: BE

ISSUED DATE:	PLOT DATE:
04/02/2019	04/02/2019

SHEET NUMBER:
A2.0

Exterior Cameras

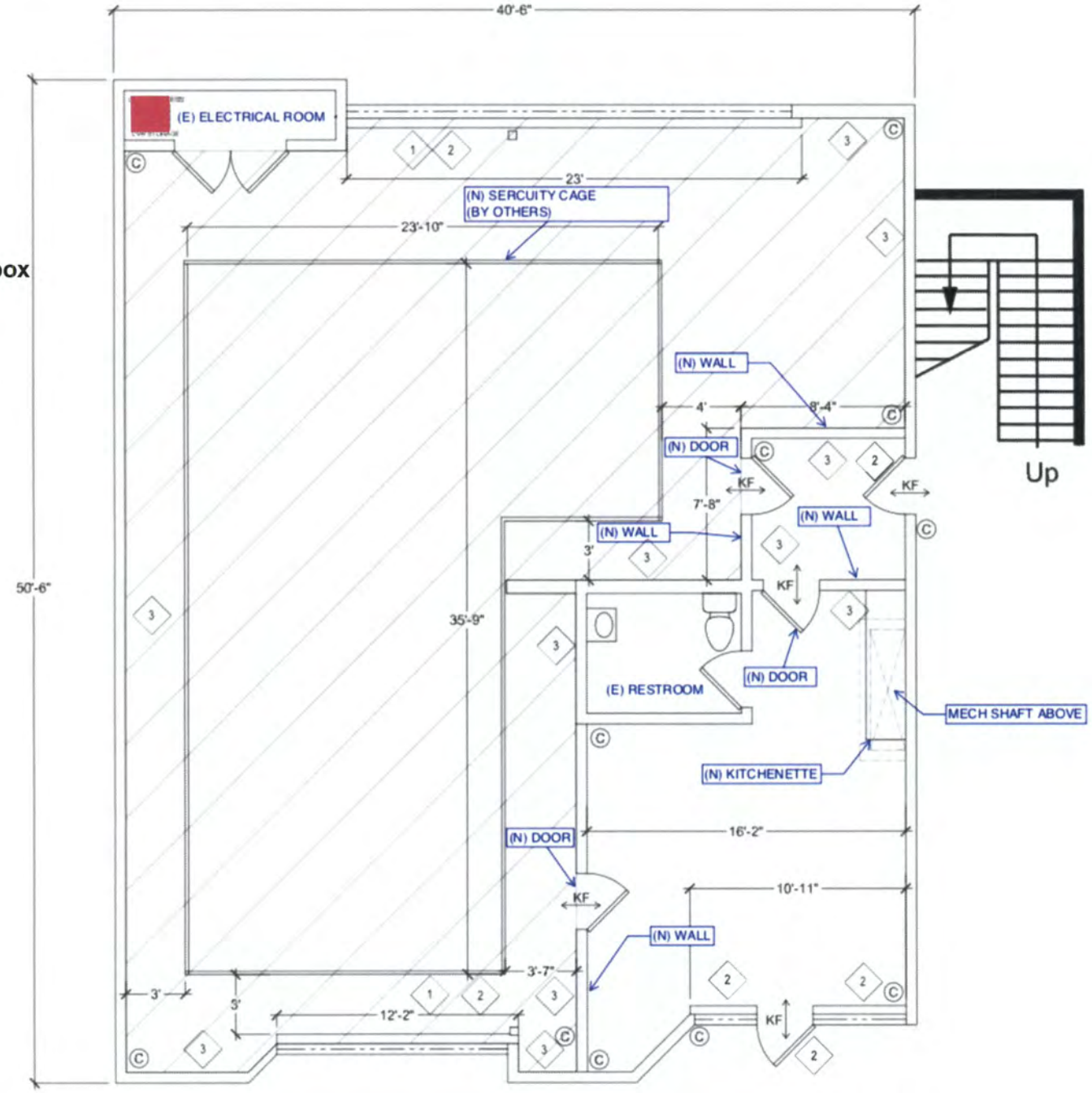
Interior Cameras



LEVEL 1

36

DVR Security Lockbox



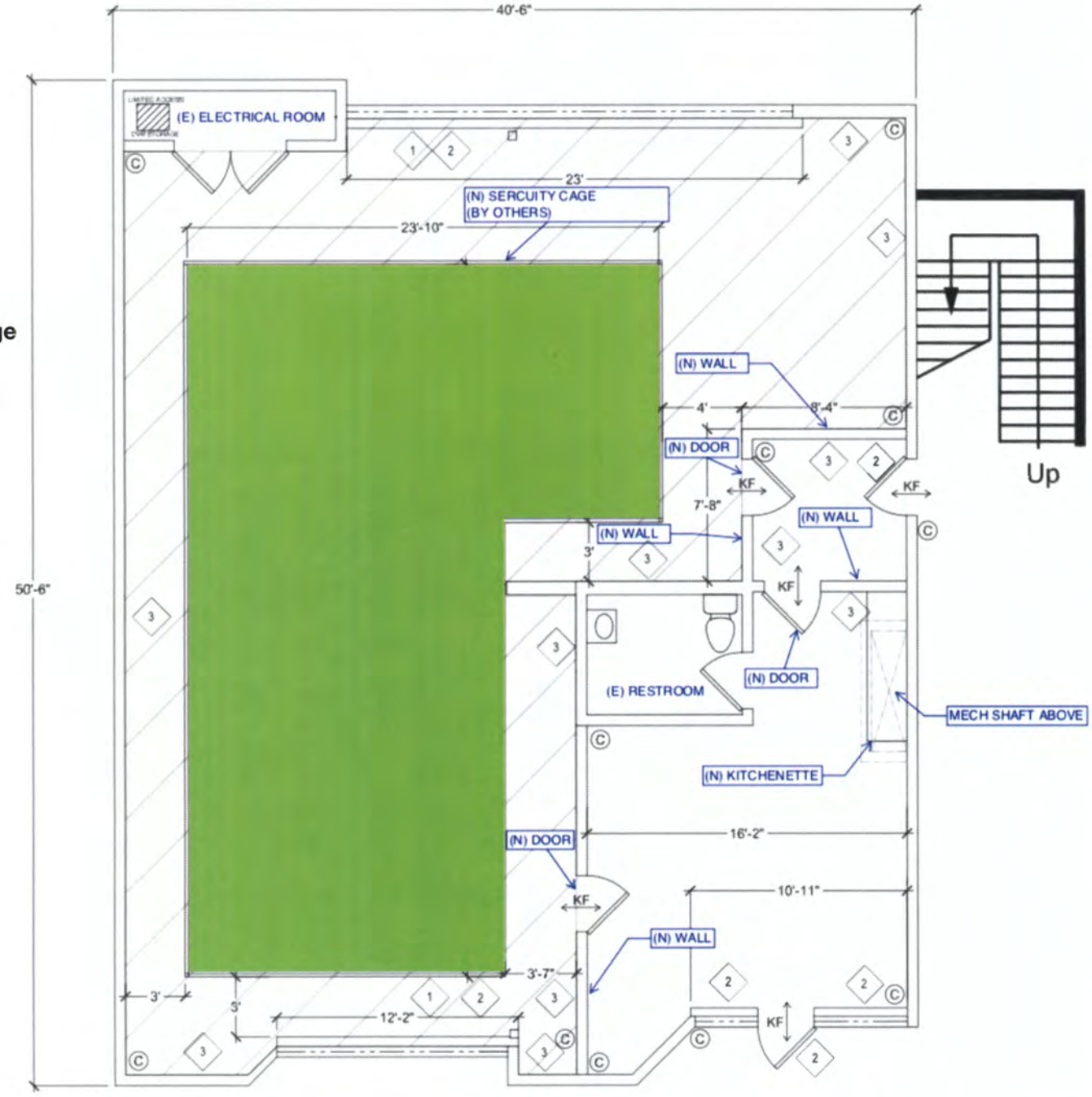
LEVEL 1

DEA Security Cage

NOTE:
The DEA Security cage does touch the exterior facing walls, in order to deter theft.

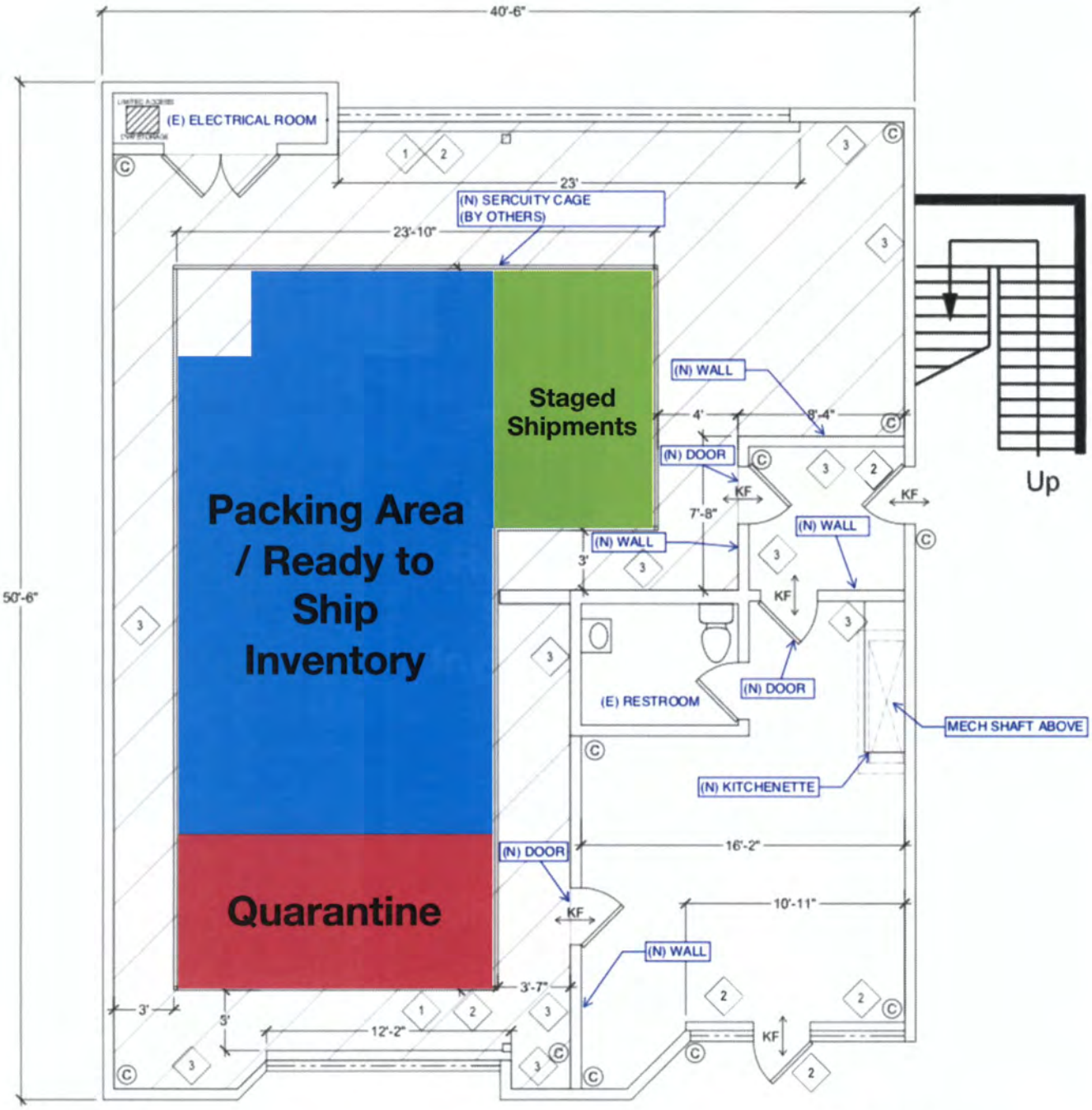
A burglar would be caught by the motion detectors, prior to accessing the DEA security cage.

38



LEVEL 1

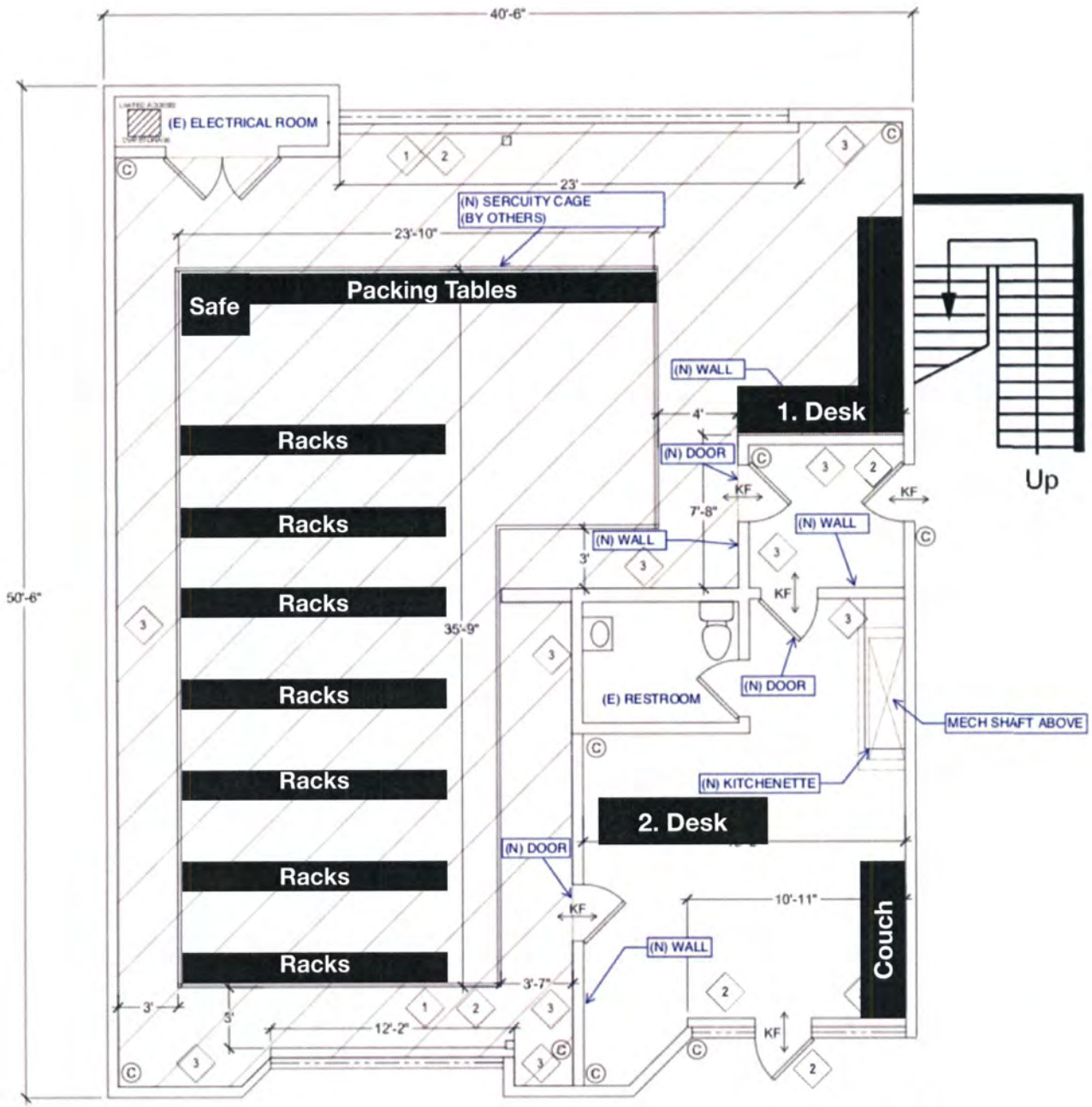
Supply Storage by Type



LEVEL 1

Furniture Layout

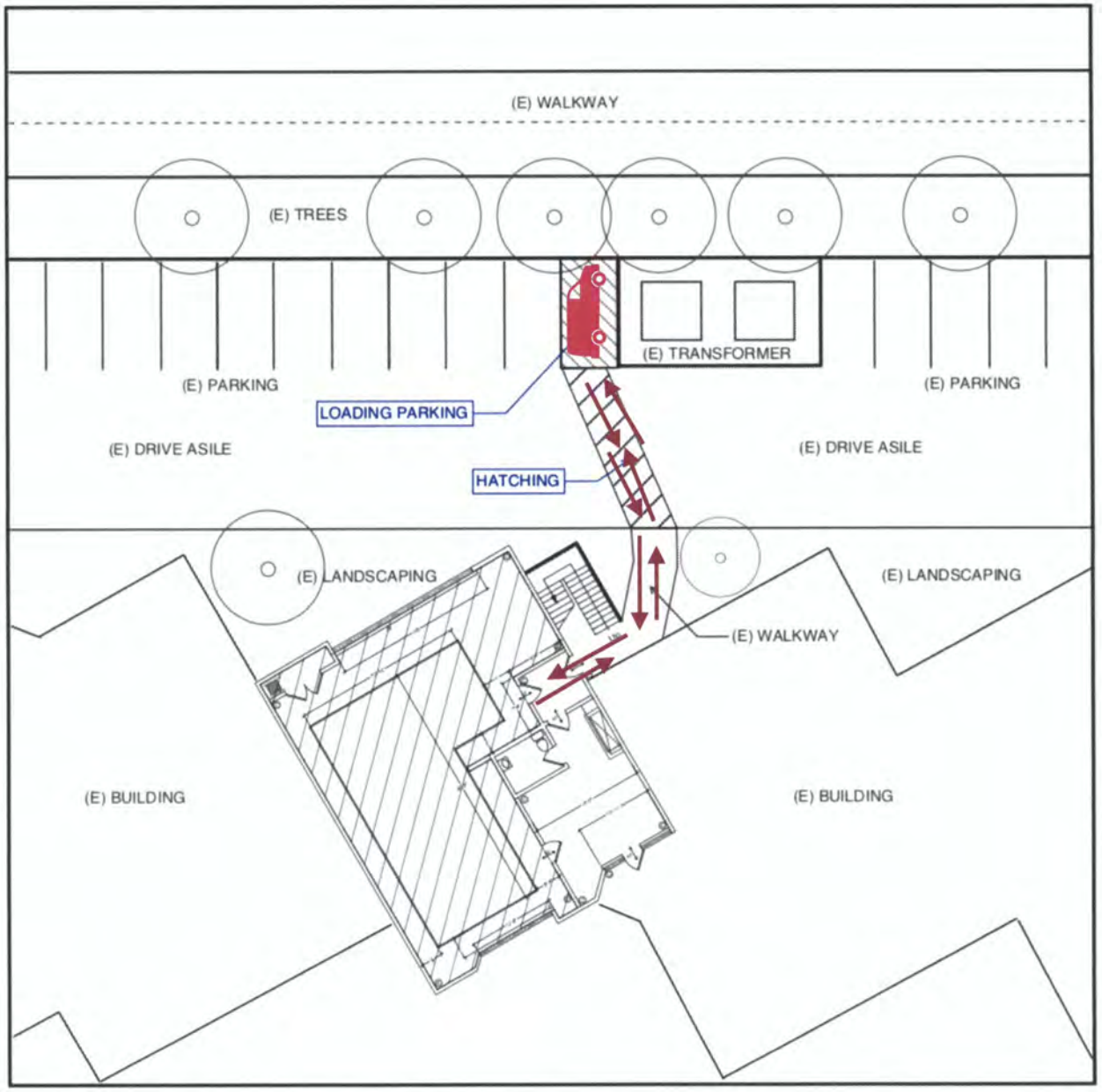
Storage Racks: 6'6"
DEA Cage: 9'
Ceiling: 12'
(underside of structural beam)



LEVEL 1

40

Path of Travel



RESOLUTION NO. PC-19-

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF COSTA MESA, CALIFORNIA APPROVING CONDITIONAL USE PERMIT PA-19-09 TO ALLOW A MARIJUANA DISTRIBUTION FACILITY AT 3505 CADILLAC AVENUE, UNIT O-107

THE PLANNING COMMISSION OF THE CITY OF COSTA MESA, CALIFORNIA HEREBY RESOLVES AS FOLLOWS:

WHEREAS, on or about November 8, 2016, Costa Mesa voters approved Measure X; which allows for the distribution, manufacture, processing, research and development laboratories, testing laboratories and transportation of marijuana related uses located in Industrial Park (MP) and Planned Development Industrial (PDI) zoned properties north of South Coast Drive, west of Harbor Boulevard, excluding the South Coast Collection (SOCO) property located at 3303 Hyland Avenue.

WHEREAS, Planning Application 19-09 was filed by Courtney Eder, representing GMEP Engineering Consulting, the property owner, requesting approval of the following in accordance with Measure X:

> A Conditional Use Permit for a marijuana distribution facility within a 1,907-square-foot tenant space in an existing industrial building. The facility would be operated by Shelf Life, Inc. The proposed facility will distribute pre-packaged cannabis products and source material produced by licensed cannabis manufacturers and cultivators; including flower, oils, waxes, beverages, and similar products. No extraction or manufacturing of cannabis would occur at this facility. Rooms include reception and lobby areas, storage rooms, and ancillary offices. Distribution vehicles would be loaded outside the suite in a designated loading area proposed within the parking lot. The facility would have security systems (card readers, security cameras, etc.) throughout the facility. No cultivation of marijuana, or marijuana dispensary, is permitted.

WHEREAS, on January 24, 2019, Courtney Eder, the business operator, was issued a Notice to Proceed and Background Clearance Letter for the property located at 3505 Cadillac Avenue, Unit O-107 (Permit Number MX-18-0013) from the Community Improvement Division, which allows the applicant to proceed with submittal of a

conditional use permit consistent with the procedures set forth in Section 13-200.92(c) of the CMMC and Administrative Regulation A.R. 4.2.

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

WHEREAS, a duly noticed public hearing was held by the Planning Commission on April 22, 2019 with all persons having the opportunity to speak for and against the proposal.

BE IT RESOLVED that, based on the evidence in the record and the findings contained in Exhibit A, and subject to the conditions of approval contained in Exhibit B, the Planning Commission hereby **APPROVES** Planning Application 19-09.

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 19-09 and upon the applicant's compliance with each and all of the conditions in Exhibit B, and compliance of all applicable federal, 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 the CEQA determination for this project reflects the independent judgment of the Planning Commission of the City of Costa Mesa.

BE IT FURTHER RESOLVED that if any section, division, sentence, clause, phrase or portion of this resolution, or the documents 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 22nd day of April, 2019.

_____

Byron de Arakal, Chair
Costa Mesa Planning Commission

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

I, Barry Curtis, Secretary to the Planning Commission of the City of Costa Mesa, do hereby certify that the foregoing Resolution No. PC-19-___was passed and adopted at a regular meeting of the City of Costa Mesa Planning Commission held on April 22, 2019 by the following votes:

AYES: COMMISSIONERS

NOES: COMMISSIONERS

ABSENT: COMMISSIONERS

ABSTAIN: COMMISSIONERS

_____
Barry Curtis, Secretary
Costa Mesa Planning Commission

EXHIBIT A

FINDINGS (APPROVAL)

A. The proposed project complies with Title 13, Section 13-29(g)(2), Conditional Use Permit, of the Municipal Code due to the following:

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 proposed use is a distribution use and, with the recommended conditions of approval, will be consistent with the other industrial uses in the immediate vicinity. Compliance with the conditions of approval, as discussed in the following section, will allow this use to operate with minimal impact on surrounding properties and uses.

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

Facts in Support of Findings: The proposed use is within an existing building and is consistent with the PDI zoning of the property and the properties immediately abutting the site. The recommended COAs, including those related to outdoor loading and unloading, are intended to ensure that the project 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. Measures designed to maintain security at the facility, as proposed and conditioned, include a monitored video surveillance system (covering all exterior entrances, all paths of travel to and from the designated loading/unloading area, and all interior spaces of the facility).

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 Findings: The use is consistent with the General Plan goals and policies as discussed earlier in this report. The proposed use is within an existing building and there are no proposed additions to the building; therefore, there is no change to density or intensity. In addition, the proposed use is a conditionally permitted use in the industrial zone.

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 will provide a new entrepreneurial business in Costa Mesa and provide new employment opportunities in the community.

Policy LU-3.1: *Protect existing stabilized residential neighborhoods, including mobile home parks (and manufactured housing parks), from the encroachment of incompatible or potentially disruptive land uses and/or activities.*

Consistency: The proposed use is not located near any residentially-zoned properties. Therefore, the use is consistent with the General Plan Policy.

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

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

B. The project is exempt from the provisions of the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15301 (Class 1) for Existing Facilities. The project is exempt because it involves minor alterations to an existing industrial building to accommodate a distribution use where an industrial office use previously existed. As such, the project involves a negligible expansion of the prior use and does not have the potential to cause significant environmental impacts. The use, as conditioned, is consistent with the applicable General Plan designation and all applicable general plan policies as well as with applicable zoning designation and regulations.

C. The project is exempt from Chapter XII, Article 3, Transportation System Management, of Title 13 of the Costa Mesa Municipal Code.

EXHIBIT B

CONDITIONS OF APPROVAL

Plng. 1. The use of this property as a distribution business shall comply with the approved plans and terms described in this resolution and these conditions of approval. No product distribution shall occur between 12AM to 5AM. 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. This CUP will expire and be of no further force and effect if the applicant does not obtain a valid marijuana business permit for this location within 24 months from issuance of this CUP.

3. Use of this property as a marijuana distribution business shall comply with the approved plans and terms described in this resolution and the conditions of approval included herein.

4. The subject business shall not engage in the retail sale of cannabis or marijuana products, in any form.

5. Prior to the issuance of certificates of use and occupancy, the applicant shall provide the City with photographs depicting the interior and exterior of the property, including, but not limited to, the entire interior of the proposed property entrances, exits, street frontage, parking front, rear and side of the proposed property.

6. No cultivation of cannabis or marijuana may occur on the premises.

7. Business identification signage shall be limited to that needed for identification only. Business identification signage shall not include any references to marijuana, whether in words or symbols. All signs shall comply with the Costa Mesa Municipal Code. No sign shall be installed until the owner/operator or its designated contractor has obtained any permit required from the City.

8. A Marijuana Business Permit may be revoked upon a hearing by the Director of Development Services pursuant to Section 9-120 of the Costa Mesa Municipal Code for failing to comply with the terms of the permit, the applicable provisions of the Municipal Code, state law or regulation and/or any condition of any other permit issued pursuant to this code. Revocation of the Marijuana Business Permit shall trigger the City's proceedings to revoke this CUP. The CUP granted herein shall not be construed to allow any subsequent owner/operator to continue operating under PA-19-09 until a valid Marijuana Business Permit is received from the City of Costa Mesa.

9. This business operator shall pay all sales, use, business and other applicable taxes, and all license, registration, and other fees and permits required under federal, state and local law. This business operator shall cooperate with the City with respect to any reasonable request to audit the marijuana 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.

10. a. The owner/operator of this marijuana 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 marijuana 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 marijuana business, and separately of all the officers, managers, employees, agents and volunteers currently employed or otherwise engaged by the marijuana business. The register required by this condition shall be provided to the City Manager upon a reasonable request.

c. The owner/operator shall maintain an inventory control and reporting system that accurately documents the present location, amounts, and descriptions of all cannabis and cannabis products for all stages of the production or manufacturing, laboratory testing and distribution processes. Subject to any restrictions under the Health Insurance Portability and Accountability Act (HIPPA), the owner/operator shall allow City officials to have access to the business's books, records, accounts, together with any other data or documents relevant to its permitted marijuana 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 marijuana 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.

11. The owner/operator shall obtain and maintain at all times during the term of the permit comprehensive general liability insurance and comprehensive automotive liability insurance protecting the permittee in an amount of not less than one million dollars ($1,000,000.00) per occurrence, combined single limit, including bodily injury and property damage and not less than one million dollars ($1,000,000.00) aggregate for each personal injury liability, products-completed operations and each accident, issued by an insurance provider admitted and authorized to do business in California and shall be rated at least A-:viii in A.M. Best & Company's Insurance Guide. Proof of said insurance must be provided to the Planning Division before the business commences operations. Any changes to the insurance policy must

be submitted to the Community Improvement Division within 10 days of the date the change is effective.

12. The operator shall maintain a valid Marijuana Business Permit and a valid Business License at all times. The Marijuana Business Permit application number associated with this address is MX-18-0013. Upon issuance, the Marijuana Business Permit will be valid for a two-year period and must be renewed with the Community Improvement Division prior to its expiration date, including the payment of permit renewal fees.
13. No person may engage in any marijuana business or in any marijuana activity within the City including manufacture, processing, laboratory testing, transporting, dispensing, distribution, or sale of cannabis or a cannabis product unless the person:
    a. Has a valid Marijuana Business Permit from the City.
    b. Pays all Marijuana Business Permit and all application fees and deposits established by resolution of the City Council, including, but not limited to, 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 marijuana business intends to operate.
    d. Has obtained a City business license pursuant to Chapter I of the Municipal Code.
    e. Has met all requirements of Community Improvement Division regarding the property.
    f. Has satisfied all conditions of approval of this CUP.
14. Cannabis shall not be consumed on the premises at any time, in any form.
15. No outdoor storage of cannabis or cannabis products is permitted at any time.
16. All cannabis and cannabis products sold, distributed or manufactured shall be cultivated, manufactured, and transported by licensed facilities that maintain operations in full conformance with State and local regulations.
17. The sale, dispensing, or consumption of alcoholic beverages on or about the premises is prohibited.
18. Persons under the age of twenty-one (21) years shall not be allowed on the premises of this business. It shall be unlawful and a violation of this CUP for the owner/operator to employ any person who is not at least twenty-one (21) years of age.
19. The owner/operator shall prohibit loitering by persons outside the facility both on the premises and within fifty feet (50') of the premises.
20. No cannabis or cannabis products, or graphics depicting cannabis or cannabis products, shall be visible from the exterior of this property, or on any of the vehicles owned or used as part of the marijuana business.
21. Per the City's Administrative Regulations, 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 marijuana 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 feet (50') of the premises is prohibited.

22. Odor control devices and techniques shall be incorporated to ensure that odors from marijuana are not detected outside the property, anywhere on adjacent property or public right-of-way, or within any other units located within the same building as the marijuana business. Building and mechanical permits must be obtained from the Building Division prior to work commencing on any part of the odor control system.

23. Security and Safety Measures: The Security Plan and Safety Plan identified in the approved Marijuana Business Permit must be implemented at all times and must conform to the requirements of both Title 9, Chapter VI and the City's Administrative Regulation Number 4.2.

24. Every manager, supervisor, employee or volunteer of the marijuana business must submit fingerprints and other information specified on the Marijuana Business Permit for a background check by the Costa Mesa Police Department to verify that person's criminal history.
    a. No employee or volunteer may commence paid or unpaid work for the business until the background checks have been approved.
    b. No marijuana business or owner thereof may employ any person who has convicted of a felony within the past 7 years, unless that felony has been dismissed, withdrawn, expunged or set aside pursuant to Penal Code sections 1203.4, 1000 or 1385, or who is currently on probation or parole for the sale, distribution, possession or manufacture of a controlled substance.

25. All employees must wear an identification badge while on the premises of the business, in a format prescribed by the City Manager.

26. Should any employee, volunteer or other person who possess an identification badge be terminated or cease their employment with the business, the applicant shall return such identification badge to the Community Improvement Division within 24 hours, not including weekends and holidays.

27. Inspections of this marijuana business by the City's Community Improvement Division will be conducted, at a minimum, on a quarterly basis. Code Enforcement officers, the Building Official and/or the Fire Marshall may enter and inspect the location of this business between the hours of 8:00 am and 5:00 pm Monday through Friday upon 24 hours telephonic notice to the owner or operator, to ensure compliance with this CUP.

28. The City Manager or his or her 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. The City Manager or his or her designees may conduct inspections at the site, as well as any recordings and records required to be

maintained pursuant to Title 9, Chapter VI or under applicable provisions of State law.

29. 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 marijuana 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 marijuana business, such revocation or termination shall also revoke or terminate the ability of a cannabis business to operate within the City. This CUP will expire and be of no further force and effect if any state issued license remains suspended for a period of 6 months. Documentation of three violations during routine inspections or investigations of complaints shall result in the Community Inprovement Division scheduling a hearing before the Director of Development Services to consider revocation of the Marijuana Business Permit.

30. 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.

31. Pursuant to Title 9, Chapter VI It is unlawful for any person having responsibility for the operation of a marijuana 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 marijuana business under this chapter or under state or local law. It is also unlawful for a person to conceal, destroy, deface, damage, or falsifies any records, recordings or other documents required to be maintained by a marijuana business under this chapter or under state or local law.

32. 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.

33. 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.

34. Any change in equipment, operation, or hazard shall be submitted to the City for review and approval prior to the change taking place.

35. The operator shall maintain free of litter all areas of the premises under which applicant has control.

36. The use shall be conducted, at all times, in a manner that will allow the quiet enjoyment of the surrounding neighborhood. The operator shall institute whatever security and operational measures are necessary to comply with this requirement.

37. The applicant shall defend, indemnify, and hold harmless the City, its elected and appointed officials, agents, officers and employees from any claim, action, or proceeding (collectively referred to as "proceeding") brought against the

City, its elected and appointed officials, agents, officers or employees arising out of, or which are in any way related to, the applicant's project, or any approvals granted by City related to the applicant's project. The indemnification shall include, but not be limited to, damages, fees and/or costs awarded against the City, if any, and cost of suit, attorney's fees, and other costs, liabilities and expenses incurred in connection with such proceeding whether incurred by the applicant, the City and/or the parties initiating or bringing such proceeding. This indemnity provision shall include the applicant's obligation to indemnify the City for all the City's costs, fees, and damages that the City incurs in enforcing the indemnification provisions set forth in this section. City shall have the right to choose its own legal counsel to represent the City's interests, and applicant shall indemnify City for all such costs incurred by City.

38. Prior to occupancy, the applicant shall provide a scaled and dimensioned digital floor plan(s) for the tenant space, on either a CD or thumb drive, to the Planning Division.

39. Applicant, including any employee thereof, shall not sell, distribute, furnish, and/or otherwise provide any marijuana or marijuana product under its possession and/or control to any person, firm, corporation, group or any other entity, unless that person or entity possesses all currently valid permits and/or licenses required by both the state of California and applicable local governmental entity to both lawfully receive such marijuana and to engage in a "marijuana activity" as defined by Costa Mesa Municipal Code sec. 9-485. Applicant is charged with a duty to, and shall first verify, that the recipient, whether located in the City or elsewhere, of any marijuana or marijuana product so sold, distributed, furnished, and/or otherwise provided by or on behalf of Applicant, possesses all required permits and/or licenses therefore.

40. The Applicant shall submit project plans that comply with the security-related requirements as recommended by the City's security-consultant, HdL, including, but not limited to, the following:

    a. The applicant shall strengthen security at glass door(s) and windows in the form of wall(s) to cover the glass, install a product similar to 3M™ Scotchshield™ safety and security window film or other method or product approved by the City.
    b. The proposed secured storage area should be equipped with a self-closing, self-latching solid core door. Access control procedures should be designed so that the applicant can monitor and restrict access as needed.
    c. The applicant shall install exterior lighting designed to illuminate the corridor and behind the staircase near the south entrance.

41. Any activities relating to the loading and unloading of cannabis products shall take place in a designated loading area approved by the City (also subject to approval of the Business Owners Association), and shall be monitored by security cameras at all times.

42. Delivery vehicles shall only park in designated loading zone(s) during scheduled delivery times. All loading and unloading activity specific to this use shall be limited to one delivery vehicle at any given time.

CODE REQUIREMENTS

The following list of federal, state and local laws applicable to the project has been compiled by staff for the applicant's reference. Any reference to "City" pertains to the City of Costa Mesa.

Plng.

1. All contractors and subcontractors must have valid business licenses to do business in the City of Costa Mesa. Final inspections, final occupancy and utility releases will not be granted until all such licenses have been obtained.
2. Approval of the planning/zoning application is valid for two (2) years from the effective date of this approval and will expire at the end of that period unless applicant establishes the use by one of the following actions: 1) a building permit has been issued and construction has commenced, and has continued to maintain a valid building permit by making satisfactory progress as determined by the Building Official, 2) a certificate of occupancy has been issued, or 3) the use is established and a business license has been issued. A time extension can be requested no less than thirty (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. Hours of construction shall comply with Section 13-279, Title 13, of the Costa Mesa Municipal Code.
4. Permits shall be obtained for all signs according to the provisions of the Costa Mesa Sign Ordinance.
5. Street address shall be visible from the public street and/or shall be displayed on the freestanding sign. If there is no freestanding sign, the street address may be displayed on the fascia adjacent to the main entrance or on another prominent location. When the property has alley access, address numerals shall be displayed in a prominent location visible from the alley. Numerals shall be a minimum twelve (12) inches in height with not less than three-fourth-inch stroke and shall contrast sharply with the background. Identification of individual units shall be provided adjacent to the unit entrances. Letters or numerals shall be four (4) inches in height with not less than one-fourth-inch stroke and shall contrast sharply with the background

6. Any mechanical equipment such as air-conditioning equipment and duct work shall be screened from view in a manner approved by the Planning Division.
7. Trash enclosure(s) or other acceptable means of trash disposal shall be provided. Design of trash enclosure(s) shall conform with City standards.
8. Vehicle standing, loading and unloading shall be conducted so as not to interfere with normal use of streets, sidewalks, driveways and on-site parking.
9. Vehicle loading areas may be provided under the direction of the planning division. No loading area shall encroach into a required building setback along a public right-of-way.

Bldg.

10. Comply with the requirements of the following adopted codes: 2016 California Building Code, 2016 California Electrical Code, 2016 California Mechanical Code, 2016 California Plumbing Code, 2016 California Green Building Standards Code, and 2016 California Energy Code (or the applicable adopted 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 2016 California Building Code.
11. The conditions of approval and ordinance or code provisions of Planning Application 19-09 shall be blueprinted on the face of the site plan as part of the plan check submittal package.
12. Prior to the Building Division issuing a demolition permit. contact South Coast Air Quality Management District (AQMD) located at:
    21865 Copley Dr.
    Diamond Bar, CA 91765-4178
    Tel: 909- 396-2000
    or
    Visit their web site:
    http://www.costamesaca.gov/modules/showdocument.aspx?documentid=23381. The Building Div. will not issue a demolition permit until an Identification Number is provided by AQMD.
13. Plans shall be prepared by a California licensed Architect or Engineer. Plans shall be wet stamped and signed by the licensed Architect or Engineer prior to the issuance of building permits.

Fire

14. Comply with the requirements of the 2016 California Fire Code, including the 2016 Intervening Update and referenced standards as amended by the City of Costa Mesa.
15. Any change in equipment, operation, or hazard shall be submitted to the City for review and approval before the change taking place.
16. 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.

17. 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.
18. Marijuana liquid or solid waste must be made unusable and unrecognizable before leaving a secured storage area and shall be disposed of at facility approved to receive such waste.
19. A copy of the approved Safety Plan shall be maintained onsite at all times, and it shall be available at the request of any City Official.
20. There shall be no storage or use of volatiles, solvents, or hazardous materials at this facility.
21. There shall be no extraction operations, refining, winterization or any other processing in this facility.

Eng.

22. A Construction Access Permit and deposit of $580 will be required by City of Costa Mesa, Engineering Division prior to start of any on-site work, necessary during construction for street sweeping and to guarantee replacement costs in case of damage to existing public improvements.

SPECIAL DISTRICT REQUIREMENTS

The requirements of the following special districts are hereby forwarded to the applicant:

Sani.

1. The applicant is required to contact the Costa Mesa Sanitary District at (949) 654-8400 to arrange final sign-off prior to certificate of occupancy being released.
2. Applicant shall contact Costa Mesa Sanitary District at (949) 654-8400 for any additional district requirements.

AQMD

3. Applicant shall contact the Air Quality Management District (AQMD) at (800) 288-7664 for potential additional conditions of development or for additional permits required by AQMD.

Water

4. Customer shall contact the Mesa Water District – Engineering Desk and submit an application and plans for project review. Customer must obtain a letter of approval and a letter of project completion from Mesa Water District.

State

5. Comply with the requirements of the California Department of Food and Agriculture (CDFA) to determine if red imported fire ants (RIFA) exist on the property prior to any soil movement or excavation. Call CDFA at (714) 708-1910 for information.