City of Costa Mesa
Inter Office Memorandum

TO: CITY COUNCIL, PLANNING COMMISSION

CC: TOM HATCH, BARRY CURTIS, AND JENNIFER LE

FROM: WILLA BOUWENS-KILLEEN, ZONING ADMINISTRATOR

DATE: SEPTEMBER 20, 2018

SUBJECT: ZONING ADMINISTRATOR DECISION(S)

This is to advise you of the following decision(s) made by the Zoning Administrator within the last week. Project descriptions have been kept brief for this notice. Please feel free to contact me by e-mail at willa.bouwens-killeen@costamesaca.gov if you have any questions or would like further details.

ZA-18-48 **1500 ADAMS AVENUE, SUITE 102**

Minor Conditional Use Permit to deviate from shared parking requirements for a medical office use (Optometry) due to unique operating characteristics.

Approved, subject to conditions.

Comments received: None.

PA-17-38 A2 **3590 CADILLAC AVENUE, UNIT B**

PA-17-45 A1 **3505 CADILLAC AVENUE, UNIT J5**

PA-17-47 A1 **3560 CADILLAC AVENUE**

PA-17-49 A1 **3505 CADILLAC AVENUE, UNIT F9**

PA-18-09 A1 **1685 TORONTO WAY**

Requests to amend the above-listed Conditional Use Permits (CUPs) for medical marijuana manufacturing, processing, and distribution facilities to allow adult use marijuana to be manufactured, processed, and/or distributed in the same manner as medical marijuana. No cultivation or dispensing of marijuana is authorized by these proposed amendments.

Approved, subject to conditions.

Comments received: None.

CITY OF COSTA MESA

P.O. BOX 1200 • 77 FAIR DRIVE • CALIFORNIA 92628-1200

DEVELOPMENT SERVICES DEPARTMENT

September 20, 2018

Thai Tran
1500 Adams Avenue, Suite 102
Costa Mesa, CA 92627

RE: MINOR CONDITIONAL USE PERMIT ZA-18-48
TO DEVIATE FROM SHARED PARKING REQUIREMENTS FOR A MEDICAL OFFICE USE (OPTOMETRY)
1500 ADAMS AVENUE, SUITE 102

Dear Mr. Tran:

City staff's review of your zoning application for the above-referenced project has been completed. The application, as described in the attached project description, has been approved, based on the findings and subject to the conditions of approval and code requirements (attached). The decision will become final at 5:00 p.m. on September 27, 2018, unless appealed by an affected party, including filing of the necessary application and payment of the appropriate fee, or called up for review by a member of the Planning Commission or City Council.

If you have any questions regarding this letter, please feel free to contact the project planner, Justin Arios, at 714.754.5667, or at justin.arios@costamesaca.gov.

Sincerely,

WILLA BOUWENS-KILLEEN, AICP
Zoning Administrator

Attachments:
- Project Description
- Findings
- Applicant's Project Description
- Conceptual Plans

cc: Sparks Enterprises L.P.
1500 Adams Avenue, Suite 314
Costa Mesa, CA 92626

Engineering
Fire Protection Analyst
Building Safety Division

PROJECT DESCRIPTION

Project Site / Environs

The subject property is located along Adams Avenue, near the corner of Adams Avenue and Harbor Boulevard. The subject property has street frontages along Harbor Boulevard, Adams Avenue, and Elm Avenue and is zoned C1 (Local Business), and has a General Plan land use designation of General Commercial. The site is approximately 150,000 square feet in size (3.4 acres). The site currently contains approximately 54,000 square feet of building area over four buildings with 240 existing parking spaces, and a total of six points of ingress/egress (three on Adams Avenue, two on Elm Avenue, and one on Harbor Boulevard). The surrounding properties are all commercially zoned, with the exception of the residential properties located on the northwestern corner and block of Elm Avenue and Lemon Street.

The applicant is requesting approval of a minor conditional use permit (MCUP) to deviate from shared parking requirements for a medical use (Atlas Optometry).

ANALYSIS

Proposed Business Operations

The proposed medical use (Atlas Optometry) will occupy a 1,100-square-foot tenant space, located in one of the existing ground level tenant spaces. The proposed floor plan consists of an optical/lobby area, doctor's office, pre-testing room, exam room, and restroom. The maximum proposed hours of operation are 8 AM to 7 PM, seven days a week, by appointment only. However, the initial hours of operation will be less than that until demand warrants additional hours, up to the proposed maximum. The patients of the proposed medical office would be seen by appointment only on a one-to-one basis and by appointment only. The practice will only have one employee, in addition to the doctor, the patient they are seeing, and potentially another patient waiting to be seen, and would not need more than four parking spaces.

Parking and Circulation

The parking ratio for medical offices is six spaces per 1,000 square feet of floor area or seven parking spaces for the subject suite. Based on the commercial zoning designation and parking requirements (four spaces per 1,000 square feet of floor area), the 1,100-square-foot suite is credited with four spaces. Parking impacts are not anticipated from the proposed use because patients of the medical office are seen by appointment only and on a one-to-one basis with a maximum of one doctor and one support employee at any one time. Furthermore, conditions of approval ensure the proposed use operates as proposed.

If parking shortages or other parking-related problems develop, the business operator will be required to institute appropriate operational measures necessary to minimize or

eliminate the problem including, but not limited to, reducing the operating hours of the business and/or limiting the number of persons within the suite, at any given time.

General Plan Consistency

The project site has a General Plan land use designation of General Commercial. The General Commercial General Plan land use designation is intended to permit a wide range of commercial uses that serve both local and regional needs. The proposed medical office (Optometry) is an anticipated use in this General Plan designation; therefore – and as conditioned – the proposed use would not adversely impact surrounding uses.

FINDINGS

A. The information presented complies with Costa Mesa Municipal Code Section 13-29(e) in that:

1. There is a compatible and harmonious relationship between the building and site development, and uses, and the building and site developments, and uses that exist or have been approved for the general neighborhood. The uses, as described, should be quiet in nature and, therefore, have no impacts on the surrounding businesses. Parking impacts will be avoided by conditioning the medical office to operate with no more than four occupants within the suite at any given time (one doctor, one support employee, one patient being served, and no more than one patient waiting for an appointment); four spaces are credited to the suite. Furthermore, patients are seen by appointment only and on a one-to-one basis.

2. Safety and compatibility of the design of buildings, parking area, landscaping, luminaries and other site features which may include functional aspects of the site development such as automobile and pedestrian circulation have been considered and are not impacted by the proposed use.

3. The project complies with any performance standards as described elsewhere in the Zoning Code, and is conditioned to operate as described in this staff report.

4. The proposed project is consistent with the General Plan land use designation. The General Commercial General Plan land use designation is intended to permit a wide range of institutional uses that serve both local and regional needs. The proposed medical office (Optometry) is an anticipated use in this General Plan designation; therefore – and as conditioned – the proposed use would not adversely impact surrounding uses.

5. The zoning application is for a project-specific case and is not to be construed to be setting a precedent for future development.

B. The information presented complies with Costa Mesa Municipal Code Section 13-29(g)(2) in that:

1. The proposed use is compatible and harmonious with developments in the same general area and would not be materially detrimental to other properties within the area. Parking impacts will be avoided by conditioning the medical office to operate with no more than four occupants within the suite at any given time (one doctor, one support employee, one patient being served, and no more than one patient waiting for an appointment); four spaces are credited to the suite. Furthermore, patients are seen by appointment only and on a one-on-one basis. In addition, all uses will be conducted within the suite and should not generate noise or other detrimental effects on the surrounding uses.

2. Granting the minor conditional use permit will not be detrimental to the health, safety and general welfare of the public or otherwise injurious to property or improvements within the immediate vicinity because all business activities will be conducted within the suite (underroof).

3. Granting the minor conditional use permit will not allow a use, density or intensity that is not in accordance with the General Plan designation. The General Commercial General Plan land use designation is intended to permit a wide range of institutional uses that serve both local and regional needs. The proposed medical office (Optometry) is an anticipated use in this General Plan designation; therefore – and as conditioned – the proposed use would not adversely impact surrounding uses.

C. The project is exempt from the provisions of the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15301 for Existing Facilities. This exemption applies to the operation of existing public or private structures involving negligible or no expansion of use. The project involves no exterior alterations or additions to an existing commercial building. In addition, the medical use is locating within a tenant space previously occupied by a retail use. The use, as conditioned, is consistent with the applicable General Plan land use designation and all applicable General Plan policies, as well as with applicable zoning designation and regulations.

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

CONDITIONS OF APPROVAL

Plng 1. The use shall be limited to the type of operation described in this staff report: A medical office (Optometry) with patients seen by appointment only on a one-on-one basis, with maximum occupancy within the suite, at any given time, limited to four persons, inclusive of patients, staff, and doctors.

Any change in the operational characteristics shall be subject to Planning Division review and may require an amendment to the minor conditional use permit, subject to either Zoning Administrator. The applicant is reminded that Code allows the Planning Commission to 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. Permitted hours of operation are 8 AM to 7 PM, seven days a week, by appointment only.
3. All patients shall be seen by appointment only and only on a one-to-one basis.
4. Maximum occupancy within the suite, at any given time, shall be limited to four persons, inclusive of patients, staff and doctors.
5. The applicant shall contact the Planning Division to arrange a Planning inspection of the site prior to the release of occupancy/utilities. This inspection is to confirm that the conditions of approval and code requirements have been satisfied.
6. Prior to issuing the Building Permit, the conditions of approval shall be on the approved architectural plans.
7. All uses shall be conducted within the tenant space (underroof).
8. If parking shortages or other parking-related problems develop, the business operator will be required to institute appropriate operational measures necessary to minimize or eliminate the problem including, but not limited to, reducing the operating hours of the business and/or limiting the number of persons within the suite, at any given time.
9. A copy of the conditions of approval for the conditional use permit must be kept on premises and presented to any authorized City official upon request. New operators/property owners shall be notified of conditions of approval upon transfer of business or ownership of land.
10. 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 (1) 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 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.

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. Approval of the 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 obtaining all approvals for the modular structure. If the applicant is unable to obtain approvals within the two-year time frame the applicant may request an extension of time. The Planning Division must receive a written request for the time extension prior to the expiration of the zoning application.
2. 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.
3. State approvals (California Department of Housing and Community Development) for the modular structure shall be provided to the City, prior to final planning inspection. The modular building shall not be used until all approvals/finals from all agencies have been received.

Bldg.

4. Construction or demolition of structures shall comply with the requirements of the following adopted codes: 2016 California Residential Code, 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 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 2016 California Building Code.
5. Prior to issuing the Building Permit, the conditions of approval shall be on the approved Architectural plans.
6. All noise-generating construction or demolition activities shall be limited to 7 a.m. to 7 p.m. Monday through Friday and 9 a.m. to 6 p.m. Saturday. Noise-generating construction activities shall be prohibited on Sunday and the following Federal holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

Bus. Lic.

7. 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.

SPECIAL DISTRICT REQUIREMENTS

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

AQMD 1. Prior to the Building Division issuing a demolition permit, contact South Coast Air Quality Management District 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 Division will not issue a demolition permit until an Identification No. is provided by AQMD.

July 18, 2018

Development Services Department
Attn: Planning Division
City Hall, 2nd floor
77 Fair Dr
Costa Mesa, CA 92626

To whom it may concern,

This is an applicant letter for a minor conditional use permit for "Thai Tran Optometry Corporation" doing business as "Atlas Optometry". My name is Thai Tran and I am an Optometrist. I would like to open an Optometry at the address 1500 Adams Ave Suite 102, Costa Mesa, CA 92626. The space is 1,100 square feet.

This plaza has a parking ratio of 4 parking spaces per 1,000 square feet. My proposed use of an Optometry falls under "medical and dental offices," which has a parking ratio of 6 spaces per 1,000 square feet.

I am applying for a minor conditional use permit because my proposed use will not require more than 4 parking spaces. The way I operate is unique in nature and the full 6 spaces per 1,000 square feet is not required.

I will see patients on a one-on-one basis, by appointment only. I will have one employee present in the office at any given time. Therefore, only 4 or less parking spaces will be needed. The parking would be for me, a patient, an employee, and possibly another patient waiting.

My proposed hours of operation will be 8:00am to 7:00pm everyday.

Hopefully this explains why my proposed use will not require more than 4 parking spaces. Thank you for your time and consideration.

Sincerely,

Thai Tran, O.D.
Owner and president
Atlas Optometry
1500 Adams Ave Suite 102
Costa Mesa, CA 92626
(714) 200-3629

1500 - 1548 Adams Avenue
Tenant List

Business	Address	Suite	Square Footage
Tandoori Fresh Restaurant	1500 Adams Ave	100A	1360
Maru Sushi	1500 Adams Ave	100B	3500
Elaggi Scoopz	1500 Adams Ave	101	600
Atlas Optometry "PROJECT SUITE"	1500 Adams Ave	102	1100
Eyebrow Perfection	1500 Adams Ave	103	680
Movement Specialist Physical Therapy	1500 Adams Ave	104A	1548
Port of Sound Record Shoppe	1500 Adams Ave	104B	1234
Birkenstock	1500 Adams Ave	105	1000
Break Time Vape	1500 Adams Ave	106	1499
Vanilla Salon	1500 Adams Ave	107	830
Doria's Haus of Pizza	1500 Adams Ave	108	2188
Inspired Art and Wine Experience	1500 Adams Ave	109	1725
Vacant	1500 Adams Ave	200	1000
Prestige Property Management	1500 Adams Ave	201	970
Roadquest Insurance	1500 Adams Ave	202	775
Low Cost Reverse Mortgage Center	1500 Adams Ave	203	755
Nu Smile Dental Center	1500 Adams Ave	204	1000
Portal Languages	1500 Adams Ave	206	1450
3-D Baby Kisses	1500 Adams Ave	207	750
Epilepsy Support Network of Orange County	1500 Adams Ave	301	775
JJ Tax and Accounting Services, Inc	1500 Adams Ave	303	550
Home Instead Senior Care	1500 Adams Ave	304	2035
Parent with Pride	1500 Adams Ave	305	550
Vacant	1500 Adams Ave	306	825
Iconasys (Imagen Labs, LLC)	1500 Adams Ave	307	550
Enriching, Inc.	1500 Adams Ave	309	450
Reserve Data Analysis So Ca	1500 Adams Ave	313	1100
Management Office (Sparks Enterprises, L.P.)	1500 Adams Ave	314	1325
Cal Loans Direct, Inc	1500 Adams Ave	317	775
The Habit	1510 Adams Ave	A	2200
Hole Mole	1510 Adams Ave	B	1639
Hidden House Coffee	1534 Adams Ave	A	1001
Bonchon	1534 Adams Ave	B	2345
Kickin' Crab	1534 Adams Ave	D	2805
That Boba Place	1534 Adams Ave	E	1488
The Training Spot	1534 Adams Ave	F	1700
The Training Spot Storage	1535 Adams Ave	S	100
7 Eleven Costa Mesa	1548 Adams Ave	N/A	3100
Friendly Nail Spa	1548 Adams Ave	D	1000
Lynn's Hair Design	1548 Adams Ave	E	1000
Boran Brazilian Jiu-Jitsu	1548 Adams Ave	F	1000
Orchid Cleaners and Shirt Laundry	1548 Adams Ave	G	1950

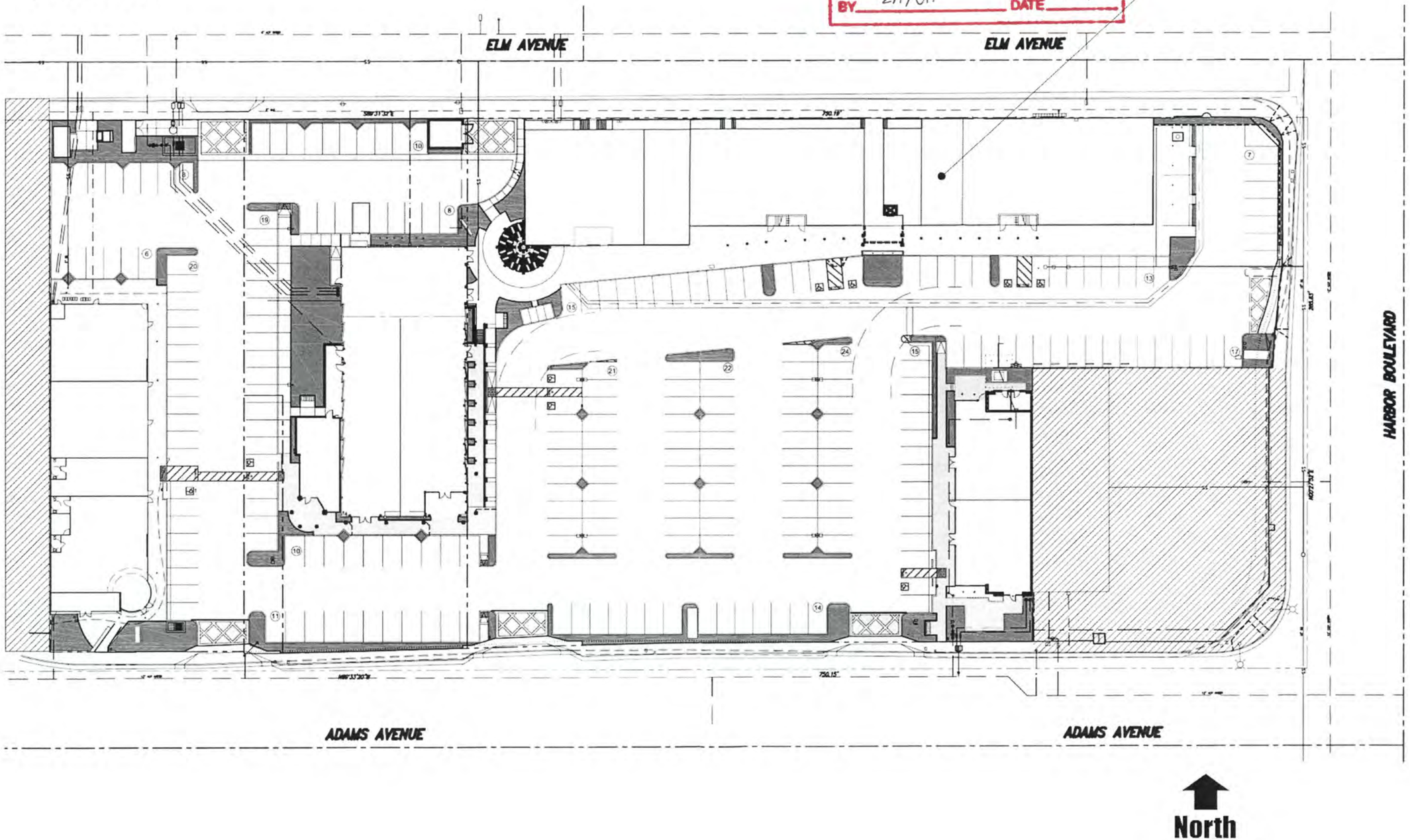
Total square footage:	54227

Thai Tran Optometry Corporation
1500 Adams Ave Suite 102
Costa Mesa, CA 92626
(714) 200-3629

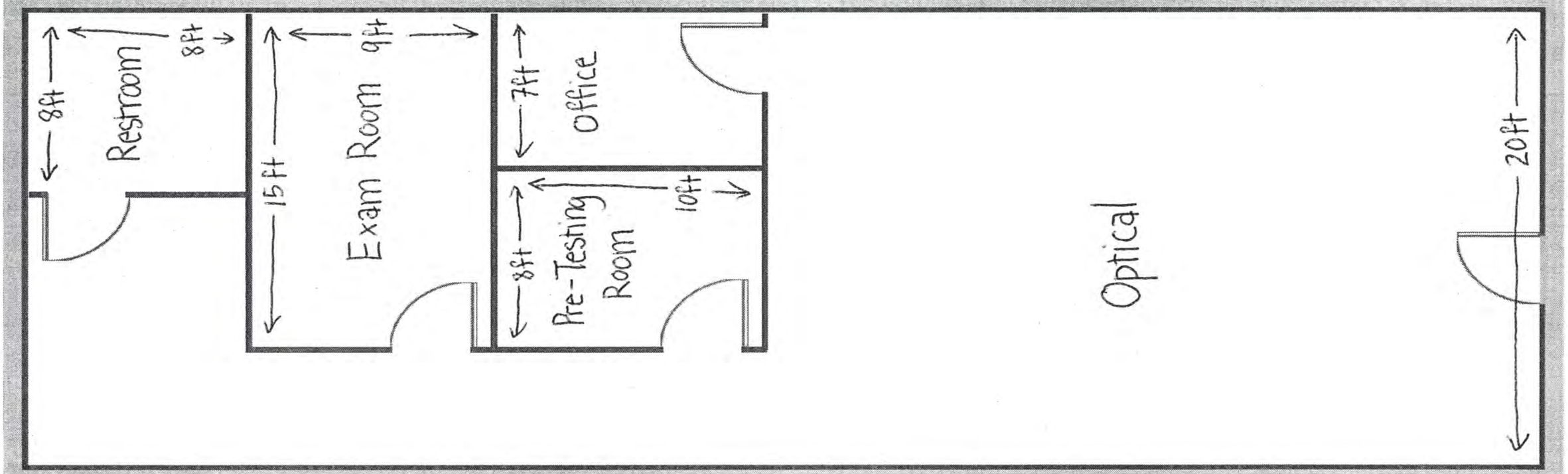
Site Plan
1500 Adams Ave
Costa Mesa, CA 92626

MINOR CONDITIONAL USE PERMIT/ ZA-18-48
ADMINISTRATIVE ADJUSTMENT NO.
Approval in Concept
SUBJECT TO CONDITIONS
CITY OF COSTA MESA
PLANNING DEPT.
BY ZA/JA DATE 9/18/18

Suite 102



Floor Plan - 1100 square feet
1500 Adams Ave Suite 102
Costa Mesa, CA 92626



Thai Tran Optometry Corporation
1500 Adams Ave Suite 102
Costa Mesa, CA 92626
(714) 200-3629

CITY OF COSTA MESA

P.O. BOX 1200 • 77 FAIR DRIVE • CALIFORNIA 92628-1200

DEVELOPMENT SERVICES DEPARTMENT

September 20, 2018

Nationwide Capital Group, Inc.
Attn: Chris Shepard, President and CEO
29222 Rancho Viejo Rd. Suite 216
San Juan Capistrano, CA 92675

RE: SECOND AMENDMENT TO PLANNING APPLICATION 17-38 TO ALLOW ADULT USE MARIJUANA MANUFACTURING IN ADDITION TO MEDICAL MARIJUANA; OPERATED BY OIL HAUS
3590 CADILLAC AVENUE, UNIT B, COSTA MESA

Dear Mr. Shepard:

City staff's review of your zoning application for the above-referenced project has been completed. The application, as described in the attached project description, has been approved, based on the findings attached and subject to the conditions listed. The decision will become final at 5:00 p.m. on September 27, 2018, unless appealed by an affected party, including filing of the necessary application and payment of the appropriate fee, or called up for review by a member of the Planning Commission or City Council.

If you have any questions regarding this letter, please feel free to contact the project planner, Mel Lee, at (714) 754-5611, or at mel.lee@costamesaca.gov.

Sincerely,

WILLA BOUWENS-KILLEEN, AICP
Zoning Administrator

Attachments:
1. Modified Conditions of Approval
2. Applicant Request dated August 10, 2018

cc:
Public Services/Engineering
Fire Protection Analyst
Building Safety Division
Transportation Services Division

Owner: Scott Morton and Anne Morton
Co-Trustees of the Scott and Anne Morton Family Trust September 11, 2006
6371 Morningside Drive
Huntington Beach, CA 92648

PROJECT DESCRIPTION

Background

On November 27, 2017, Planning Commission, on a 5 to 0 vote, approved the application for a Medical Marijuana extraction facility at the subject property, which involves the installation of up to four 25-ton rosin press machines for the extraction of oils from marijuana plants, as well as the installation of the security systems (card readers, security cameras, etc.) for the use.

On February 26, 2018, the Planning Commission approved, on a 3 to 2 vote, a first amendment to expand the use to include laboratories, testing facilities, and additional storage facilities within the same tenant space. The 7,315-square-foot tenant space will be fully built out to accommodate the proposed use.

The staff reports for PA-17-38 and PA-17-38 A1 can be found here:

http://ftp.costamesaca.gov/costamesaca/planningcommission/agenda/2017/2017-11-27/PH-1.pdf

http://ftp.costamesaca.gov/costamesaca/planningcommission/agenda/2018/2018-02-26/PH-4.pdf

The minutes for PA-17-38 and PA-17-38 A1 can be found here:

http://www.costamesaca.gov/home/showdocument?id=29400

http://www.costamesaca.gov/home/showdocument?id=30098

The meeting videos for PA-17-38 and PA-17-38 A1 can be found here:

http://costamesa.granicus.com/MediaPlayer.php?view_id=10&clip_id=3101

http://www.costamesaca.gov/city-hall/commissions-and-committees/planning-commission/agendas-videos-minutes/2018-agendas-and-minutes

As of the date of this report, building permits have not yet been obtained.

Request for Amendment

On April 3, 2018, the City Council adopted Ordinance No. 18-04 to allow adult use marijuana products to be manufactured, distributed, transported, tested and developed in the same manner and within the same geographic areas as medical marijuana uses pursuant to Measure X. Non-medical adult use marijuana was not legal under state law at that time of the adoption of Measure X but is now legal under the State's Medicinal and

Adult-Use Cannabis Regulation and Safety Act. With the City's newly adopted ordinance, Measure X applicants are no longer limited to medical marijuana uses. As such, approved Measure X conditional use permit (CUP) applicants may request to amend their CUP to include adult use. The applicant submitted this request on August 10, 2018 (Attachment 2).

In accordance with CMMC Section 13-29 (p)(1) (Amendment to a Planning Application), minor amendments to a conditional use permit may be processed as a minor conditional use permit, subject to review and approval by the Zoning Administrator.

ANALYSIS

Justifications for Approval

Staff supports the request based on the following:

The addition of adult use marijuana will not substantially alter the original use as approved. The approved use is for a marijuana manufacturing/processing facility. Modifying the CUP to allow for adult use marijuana in addition to medical marijuana does not require any physical changes to the facility and results in no substantial changes to the operation as originally approved. Cultivation of marijuana, or medical marijuana dispensary, will continue to be prohibited.

All applicable conditions of approval for PA-17-38 remain in full force and effect. The use, as conditioned, will be consistent with the other uses in the immediate vicinity. Original conditions of approval remain in full force and effect, except as modified in Attachment 1. Modifications to the conditions of approval are administrative in nature and primarily delete references to "medical" marijuana in favor of a more generalized term.

General Plan Consistency

The use is consistent with the use and intensity allowed by the Industrial Park General Plan land use designation and is consistent with the General Plan goals and policies as described below.

FINDINGS

A. The proposed amendment complies with Title 13, Section 13-29(g)(2), Conditional Use Permit and Minor Conditional Use Permit, of the Municipal Code. Findings for approval associated with the originally-approved CUP remain applicable and are not changed by the proposed modification from medical marijuana manufacturing/processing to medical and adult use marijuana manufacturing/processing. The findings from Planning Application 17-38 are hereby incorporated by reference. The conditions of approval applicable to this amendment are the same as applied to the originally-approved CUP but have

been modified to remove the reference to "medical" marijuana.

B. The project is exempt from the provisions of the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15301 for Existing Facilities. This exemption applies to projects that involve minor alterations to equipment, structures or facilities involving negligible or no expansion of the existing use. The proposed modification to the approved use from medical marijuana manufacturing/processing to medical and adult use marijuana manufacturing/processing results in no physical changes to the facility and constitutes negligible or no expansion of the existing use.

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

CONDITIONS OF APPROVAL (MODIFIED)

Plng.

1. The use of this property as a marijuana manufacturing/processing business shall comply with the approved plans and terms described in this resolution and these conditions of approval. These conditions of approval apply to the approved use and supersede the conditions of approval for PA-17-38. The hours of operation shall be from 8:00 AM to 6:00 PM, seven days a week, increasing to 24-hour-a-day operation if demand warrants 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 6 months from issuance of this CUP.
3. Use of this property as a marijuana manufacturer or processor 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, marijuana, or any similar item.
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-17-38 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.
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. 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 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.

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. The entire parking lot shall be resurfaced and all parking stalls shall be double-striped in accordance with City standards.
7. Any mechanical equipment such as air-conditioning equipment and duct work shall be screened from view in a manner approved by the

Planning Division.

8. Trash enclosure(s) or other acceptable means of trash disposal shall be provided. Design of trash enclosure(s) shall conform with City standards.

Bldg.

9. 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.
10. The conditions of approval and ordinance or code provisions of planning application PA-17-38 A2 shall be blueprinted on the face of the site plan as part of the plan check submittal package.
11. 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.
12. 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.
13. Equipment shall be approved for use by a recognized testing laboratory.

Fire

14. Comply with the requirements of the 2016 California Fire Code and referenced standards as amended by the City of Costa Mesa.
15. Extraction operations shall be conducted according to the Fire Department approved Safety Plan and the approved building construction plans.
16. Any change in equipment, operation, or hazard shall be submitted to the City for review and approval before the change taking place.
17. 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.
18. The storage, use, and disposal of volatiles, solvents, or hazardous materials at this facility shall be conducted according to the California Fire

Code and the Orange County Environmental Health Department regulations.

19. Quarterly Fire & Life Safety Inspections will be conducted by the Community Risk Reduction Division to verify compliance will the approval operation. The applicant will pay for the inspection according to the Additional Required Inspections as adopted in the Fee Schedule.
20. 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.
21. Marijuana liquid or solid waste must be made unusable and unrecognizable prior to leaving a secured storage area and shall be disposed of at a facility approved to receive such waste.

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.

LEE, MEL

Subject: FW: Measure X Amendment

ATTACHMENT 2

From: Chris Shepard [mailto:chris@nwcgcorp.com]
Sent: Friday, August 10, 2018 4:11 PM
To: LEE, MEL <MEL.LEE@costamesaca.gov>
Subject: Re: Measure X Amendment

Ok lets go ahead and do it

From: Chris Shepard [mailto:chris@nwcgcorp.com]
Sent: Friday, August 10, 2018 11:35 AM
To: LEE, MEL <MEL.LEE@costamesaca.gov>
Subject: Measure X Amendment

Mel,

Is there any additional cost to me to amend my permit to allow adult use?

Thank you,

--

Chris Shepard
President & CEO
Nationwide Capital Group, Inc.
29222 Rancho Viejo Rd. Ste 216
San Juan Capistrano, Ca 92675
p: 949-433-7035
BRE#00984970
NMLS#1402731

CITY OF COSTA MESA

P.O. BOX 1200 • 77 FAIR DRIVE • CALIFORNIA 92628-1200

DEVELOPMENT SERVICES DEPARTMENT

September 20, 2018

Matt Longo
3505 Cadillac Avenue, Unit J5
Costa Mesa, CA 92626

RE: AMENDMENT TO PLANNING APPLICATION 17-45 TO ALLOW ADULT USE MARIJUANA MANUFACTURING AND DISTRIBUTION IN ADDITION TO MEDICAL MARIJUANA; OPERATED BY MELLOW EXTRACTS 3505 CADILLAC AVENUE, UNIT J5, COSTA MESA

Dear Mr. Longo:

City staff's review of your zoning application for the above-referenced project has been completed. The application, as described in the attached project description, has been approved, based on the findings attached and subject to the conditions listed. The decision will become final at 5:00 p.m. on September 27, 2018, unless appealed by an affected party, including filing of the necessary application and payment of the appropriate fee, or called up for review by a member of the Planning Commission or City Council.

If you have any questions regarding this letter, please feel free to contact the project planner, Mel Lee, at (714) 754-5611, or at mel.lee@costamesaca.gov.

Sincerely,

WILLA BOUWENS-KILLEEN, AICP
Zoning Administrator

Attachments:
1. Modified Conditions of Approval
2. Applicant Request dated August 8, 2018

cc:
Public Services/Engineering
Fire Protection Analyst
Building Safety Division
Transportation Services Division

Owner: Malcom AM Trust
3505 Cadillac Avenue, Unit J5
Costa Mesa, CA 92626

PROJECT DESCRIPTION

Background

On February 26, 2018, the Planning Commission approved, on a 4 to 1 vote, a Conditional Use Permit (CUP) for a Medical Marijuana manufacturing and distribution facility (Mellow Extracts) within a 4,549-square-foot tenant space in an existing industrial building. The proposed facility would include offices, extraction, preparation, manufacturing/processing, packaging, staging, storage, and distribution of cannabis products. The facility will be staffed by at least 9 persons. Hours of operation are proposed to be from 7:00 AM to 7:00 PM, Monday through Saturday, increasing to 24-hour-a-day operation if demand warrants. The facility will have security systems (card readers, security cameras, etc.) throughout the facility. No cultivation of marijuana, or medical marijuana dispensary, is permitted.

The staff report for PA-17-45 can be found here:

http://ftp.costamesaca.gov/costamesaca/planningcommission/agenda/2018/2018-02-26/PH-5.pdf

The minutes for PA-17-45 can be found here:

http://www.costamesaca.gov/home/showdocument?id=30098

The meeting video for PA-17-45 can be found here:

http://www.costamesaca.gov/city-hall/commissions-and-committees/planning-commission/agendas-videos-minutes/2018-agendas-and-minutes

As of the date of this report, building permits have not yet been obtained.

Request for Amendment

On April 3, 2018, the City Council adopted Ordinance No. 18-04 to allow adult use marijuana products to be manufactured, distributed, transported, tested and developed in the same manner and within the same geographic areas as medical marijuana uses pursuant to Measure X. Non-medical adult use marijuana was not legal under state law at that time of the adoption of Measure X but is now legal under the State's Medicinal and Adult-Use Cannabis Regulation and Safety Act. With the City's newly adopted ordinance, Measure X applicants are no longer limited to medical marijuana uses. As such, approved Measure X CUP applicants may request to amend their CUP to include adult use. The applicant submitted this request on August 8, 2018 (Attachment 2).

In accordance with CMMC Section 13-29 (p)(1) (Amendment to a Planning Application), minor amendments to a conditional use permit may be processed as a minor conditional use permit, subject to review and approval by the Zoning Administrator.

ANALYSIS

Justifications for Approval

Staff supports the request based on the following:

The addition of adult use marijuana will not substantially alter the original use as approved. The approved use is for a marijuana manufacturing/distribution facility. Modifying the CUP to allow for adult use marijuana in addition to medical marijuana does not require any physical changes to the facility and results in no substantial changes to the operation as originally approved. Cultivation of marijuana, or medical marijuana dispensary, will continue to be prohibited.

All applicable conditions of approval for PA-17-45 remain in full force and effect. The use, as conditioned, will be consistent with the other uses in the immediate vicinity. Original conditions of approval remain in full force and effect, except as modified in Attachment 1. Modifications to the conditions of approval are administrative in nature and primarily delete references to "medical" marijuana in favor of a more generalized term.

General Plan Consistency

The use is consistent with the use and intensity allowed by the Industrial Park General Plan land use designation and is consistent with the General Plan goals and policies as described below.

FINDINGS

A. The proposed amendment complies with Title 13, Section 13-29(g)(2), Conditional Use Permit and Minor Conditional Use Permit, of the Municipal Code. Findings for approval associated with the originally-approved CUP remain applicable and are not changed by the proposed modification from medical marijuana manufacturing/distribution to medical and adult use marijuana manufacturing/distribution. The findings from Planning Application 17-45 are hereby incorporated by reference. The conditions of approval applicable to this amendment are the same as applied to the originally-approved CUP but have been modified to remove the reference to "medical" marijuana.

B. The project is exempt from the provisions of the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15301 for Existing Facilities. This exemption applies to projects that involve minor alterations to equipment, structures or facilities involving negligible or no expansion of the existing use. The

proposed modification to the approved use from medical marijuana distribution to medical and adult use marijuana distribution results in no physical changes to the facility and constitutes negligible or no expansion of the existing use.

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

CONDITIONS OF APPROVAL (MODIFIED)

Plng.

1. The use of this property as a marijuana manufacturing/distribution business shall comply with the approved plans and terms described in this resolution and these conditions of approval. The business hours shall be from 7:00 AM to 7:00 PM, Monday through Sunday, increasing to 24-hour-a-day operation if demand warrants. No product distribution shall occur between 12:00 AM to 5:00 AM. 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 12 months from issuance of this CUP.
3. Use of this property as a marijuana distributor, manufacturer, or processor 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, marijuana, or any similar item.
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-17-45 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.
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. 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 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.

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.

Bldg.

8. 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.

9. The conditions of approval and ordinance or code provisions of planning application PA-17-45 shall be blueprinted on the face of the site plan as part of the plan check submittal package.
10. 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.
11. 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.
12. Equipment shall be approved for use by a recognized testing laboratory.

Fire

13. Comply with the requirements of the 2016 California Fire Code and referenced standards as amended by the City of Costa Mesa.
14. Extraction operations shall be conducted according to the Fire Department approved Safety Plan and the approved building construction plans.
15. Any change in equipment, operation, or hazard shall be submitted to the City for review and approval before the change taking place.
16. 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.
17. The storage, use, and disposal of volatiles, solvents, or hazardous materials at this facility shall be conducted according to the California Fire Code and the Orange County Environmental Health Department regulations.
18. Quarterly Fire & Life Safety Inspections will be conducted by the Community Risk Reduction Division to verify compliance will the approval operation. The applicant will pay for the inspection according to the Additional Required Inspections as adopted in the Fee Schedule.
19. 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.
20. Marijuana liquid or solid waste must be made unusable and unrecognizable prior to leaving a secured storage area and shall be disposed of at a facility approved to receive such waste.

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.

ATTACHMENT 2

From: Lance Rogers <lance@lrogerslaw.com>
Sent: Wednesday, August 08, 2018 7:18 PM
To: Jim Fitzpatrick
Cc: Matt Longo; LEE, MEL; LE, JENNIFER; HATCH, THOMAS; STEPHENS, JOHN; Allan Mansoor
Subject: Re: Adult Use Request - Action Required

Jim, et al,

Yes, Mellow Extracts, LLC hereby requests that its CUP be amended to allow Adult Use and request that the City schedule the next available Zoning Administrator action.

-Lance Rogers
Attorney for Mellow Extracts, LLC

--
Law Offices of Lance Rogers
Google Voice: (619) 333-6882
Fax: (619) 393-0882

This message is being sent by or on behalf of a lawyer. It is intended exclusively for the individual or entity to which it is addressed. This communication may contain information that is proprietary, privileged or confidential or otherwise legally exempt from disclosure. If you are not the named addressee, you are not authorized to read, print, retain, copy or disseminate this message or any part of it. If you have received this message in error, please notify the sender immediately by e-mail and delete all copies of the message. Unless specifically indicated otherwise, any discussion of tax issues contained in this e-mail, including any attachments, is not, and is not intended to be, "written advice" as defined in Section 10.37 of Treasury Department Circular 230.

On Wed, Aug 8, 2018 at 5:51 PM, Jim Fitzpatrick <jimfitzeco@gmail.com> wrote:

Cheers,

Matt & Lance

,

Project Details: PA-17-45

Mellow Extracts 3505 Cadillac Ave Unit J5

City Council voted in April to allow Adult Use.

The City has required a Zoning Administrator action.

CITY OF COSTA MESA

P.O. BOX 1200 • 77 FAIR DRIVE • CALIFORNIA 92628-1200

DEVELOPMENT SERVICES DEPARTMENT

September 20, 2018

James P. Burra
1685 Scenic Avenue
Costa Mesa, CA 92626

RE: AMENDMENT TO PLANNING APPLICATION 17-47 TO ALLOW ADULT USE MARIJUANA MANUFACTURING AND DISTRIBUTION IN ADDITION TO MEDICAL MARIJUANA; OPERATED BY SOL DISTRO 3560 CADILLAC AVENUE, COSTA MESA

Dear Mr. Burra:

City staff's review of your zoning application for the above-referenced project has been completed. The application, as described in the attached project description, has been approved, based on the findings attached and subject to the conditions listed. The decision will become final at 5:00 p.m. on September 27, 2018, unless appealed by an affected party, including filing of the necessary application and payment of the appropriate fee, or called up for review by a member of the Planning Commission or City Council.

If you have any questions regarding this letter, please feel free to contact the project planner, Mel Lee, at (714) 754-5611, or at mel.lee@costamesaca.gov.

Sincerely,

WILLA BOUWENS-KILLEEN, AICP
Zoning Administrator

Attachments:
1. Modified Conditions of Approval
2. Applicant Request dated August 13, 2018

cc:
Public Services/Engineering
Fire Protection Analyst
Building Safety Division
Transportation Services Division

Owner: Cadillac Property, LLC
1685 Scenic Avenue
Costa Mesa, CA 92626

PROJECT DESCRIPTION

Background

On February 26, 2018, the Planning Commission approved, on a 4 to 1 vote, a Conditional Use Permit (CUP) for a Medical Marijuana manufacturing and distribution facility (Fluid South, dba as Sol Distro) within a 20,000-square-foot tenant space in an existing industrial building. The proposed facility would include offices, preparation, manufacturing/processing, packaging, staging, storage, and distribution of cannabis products and indoor parking for one delivery vehicle. The facility also includes equipment for brewing non-alcoholic carbonated beverages. The facility will be staffed by at least 32 persons, including transportation drivers. The initial hours of operation are proposed to be from 7:00 AM to 7:00 PM, Monday through Saturday, increasing to a 24-hour-a-day operation, if demand warrants. The facility will have security systems (card readers, security cameras, etc.) throughout the facility. No cultivation of marijuana, or medical marijuana dispensary, is permitted.

The staff report for PA-17-47 can be found here:

http://ftp.costamesaca.gov/costamesaca/planningcommission/agenda/2018/2018-02-26/PH-6.pdf

The minutes for PA-17-47 can be found here:

http://www.costamesaca.gov/home/showdocument?id=30098

The meeting video for PA-17-47 can be found here:

http://www.costamesaca.gov/city-hall/commissions-and-committees/planning-commission/agendas-videos-minutes/2018-agendas-and-minutes

As of the date of this report, building permits have not yet been obtained.

Request for Amendment

On April 3, 2018, the City Council adopted Ordinance No. 18-04 to allow adult use marijuana products to be manufactured, distributed, transported, tested and developed in the same manner and within the same geographic areas as medical marijuana uses pursuant to Measure X. Non-medical adult use marijuana was not legal under state law at that time of the adoption of Measure X but is now legal under the State's Medicinal and Adult-Use Cannabis Regulation and Safety Act. With the City's newly adopted ordinance, Measure X applicants are no longer limited to medical marijuana uses. As such, approved Measure X CUP applicants may request to amend their CUP to include adult use. The applicant submitted this request on August 13, 2018 (Attachment 2).

In accordance with CMMC Section 13-29 (p)(1) (Amendment to a Planning Application), minor amendments to a conditional use permit may be processed as a minor conditional use permit, subject to review and approval by the Zoning Administrator.

ANALYSIS

Justifications for Approval

Staff supports the request based on the following:

The addition of adult use marijuana will not substantially alter the original use as approved. The approved use is for a marijuana manufacturing/distribution facility. Modifying the CUP to allow for adult use marijuana in addition to medical marijuana does not require any physical changes to the facility and results in no substantial changes to the operation as originally approved. Cultivation of marijuana, or medical marijuana dispensary, will continue to be prohibited.

All applicable conditions of approval for PA-17-47 remain in full force and effect. The use, as conditioned, will be consistent with the other uses in the immediate vicinity. Original conditions of approval remain in full force and effect, except as modified in Attachment 1. Modifications to the conditions of approval are administrative in nature and primarily delete references to "medical" marijuana in favor of a more generalized term.

General Plan Consistency

The use is consistent with the use and intensity allowed by the Industrial Park General Plan land use designation and is consistent with the General Plan goals and policies as described below.

FINDINGS

A. The proposed amendment complies with Title 13, Section 13-29(g)(2), Conditional Use Permit and Minor Conditional Use Permit, of the Municipal Code. Findings for approval associated with the originally-approved CUP remain applicable and are not changed by the proposed modification from medical marijuana manufacturing/distribution to medical and adult use marijuana manufacturing/distribution. The findings from Planning Application 17-47 are hereby incorporated by reference. The conditions of approval applicable to this amendment are the same as applied to the originally-approved CUP but have been modified to remove the reference to "medical" marijuana.

B. The project is exempt from the provisions of the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15301 for Existing Facilities. This exemption applies to projects that involve minor alterations to equipment, structures or facilities involving negligible or no expansion of the existing use. The

proposed modification to the approved use from medical marijuana distribution to medical and adult use marijuana distribution results in no physical changes to the facility and constitutes negligible or no expansion of the existing use.

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

CONDITIONS OF APPROVAL (MODIFIED)

Plng.

1. The use of this property as a marijuana manufacturing/distribution business shall comply with the approved plans and terms described in this resolution and these conditions of approval. The business hours shall be from 7:00 AM to 7:00 PM, Monday through Sunday, increasing to 24-hour-a-day operation if demand warrants. No product distribution shall occur between 12:00 AM to 5:00 AM. 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 12 months from issuance of this CUP.
3. Use of this property as a marijuana distributor, manufacturer, or processor 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, marijuana, or any similar item.
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-17-47 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.
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. 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 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.

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.

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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.

Bldg.

8. 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.

9. The conditions of approval and ordinance or code provisions of planning application PA-17-47 shall be blueprinted on the face of the site plan as part of the plan check submittal package.
10. 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.
11. 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.
12. Equipment shall be approved for use by a recognized testing laboratory.

Fire

13. Comply with the requirements of the 2016 California Fire Code and referenced standards as amended by the City of Costa Mesa.
14. Extraction operations shall be conducted according to the Fire Department approved Safety Plan and the approved building construction plans.
15. Any change in equipment, operation, or hazard shall be submitted to the City for review and approval before the change taking place.
16. 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.
17. The storage, use, and disposal of volatiles, solvents, or hazardous materials at this facility shall be conducted according to the California Fire Code and the Orange County Environmental Health Department regulations.
18. Quarterly Fire & Life Safety Inspections will be conducted by the Community Risk Reduction Division to verify compliance will the approval operation. The applicant will pay for the inspection according to the Additional Required Inspections as adopted in the Fee Schedule.
19. 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.
20. Marijuana liquid or solid waste must be made unusable and unrecognizable prior to leaving a secured storage area and shall be disposed of at a facility approved to receive such waste.

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.

LEE, MEL

Subject: FW: Fwd: Adult Use Request - Action Required

ATTACHMENT 2

From: naz@soldistro.com [mailto:naz@soldistro.com]
Sent: Monday, August 13, 2018 11:57 AM
To: LEE, MEL <MEL.LEE@costamesaca.gov>; LE, JENNIFER <JENNIFER.LE@costamesaca.gov>
Cc: HATCH, THOMAS <THOMAS.HATCH@costamesaca.gov>; STEPHENS, JOHN <JOHN.STEPHENS@costamesaca.gov>; Allan Mansoor <allanmansoor@gmail.com>; Jim Fitzpatrick <jimfitzeco@gmail.com>; chief@soldistro.com; queen@soldistro.com
Subject: RE: Fwd: Adult Use Request - Action Required

Dear Mr. Lee,

We are requesting that our CUP for "Project Details: PA-17-47 **Fluid South dba Sol Distro 3560 Cadillac Ave"** be amended to allow Adult Use and requesting the City to schedule the next available Zoning Administrator action.

Thank you for your consideration regarding this matter.

Sincerely,
Naz

Nazila Hedayat
Founding Partner
310-488-7441
Naz@SolDistro.com
www.SolDistro.com

SOL Distro
Soar with SOL Brands
Licensed California Wholesale Cannabis Distribution

PRIVILEGED AND CONFIDENTIAL COMMUNICATION NOTICE.
This electronic transmission, including any attachments, is protected by the Electronic Communications Privacy Act (18 U.S.C. §§ 2510-2521), may contain confidential or legally privileged information, and is for the sole use of the person to whom it is addressed or any other intended recipient(s). Any review, use, distribution or disclosure by others is strictly prohibited. If you are not the intended recipient (or authorized to receive for the recipient), please contact the sender by reply e-mail or telephone, and delete all copies of this message.

CITY OF COSTA MESA

P.O. BOX 1200 • 77 FAIR DRIVE • CALIFORNIA 92628-1200

DEVELOPMENT SERVICES DEPARTMENT

September 20, 2018

Blake Terreri
1705 Sherrington Place – XS 207
Costa Mesa, CA 92663

RE: AMENDMENT TO PLANNING APPLICATION 17-49 TO ALLOW ADULT USE MARIJUANA MANUFACTURING AND DISTRIBUTION IN ADDITION TO MEDICAL MARIJUANA; OPERATED BY JOSH D FARMS 3505 CADILLAC AVENUE, UNIT F9, COSTA MESA

Dear Mr. Terreri:

City staff's review of your zoning application for the above-referenced project has been completed. The application, as described in the attached project description, has been approved, based on the findings attached and subject to the conditions listed. The decision will become final at 5:00 p.m. on September 27, 2018, unless appealed by an affected party, including filing of the necessary application and payment of the appropriate fee, or called up for review by a member of the Planning Commission or City Council.

If you have any questions regarding this letter, please feel free to contact the project planner, Mel Lee, at (714) 754-5611, or at mel.lee@costamesaca.gov.

Sincerely,

WILLA BOUWENS-KILLEEN, AICP
Zoning Administrator

Attachments:
1. Modified Conditions of Approval
2. Applicant Request dated August 8, 2018

cc:
Public Services/Engineering
Fire Protection Analyst
Building Safety Division
Transportation Services Division

Owner: Costa Nolder Properties
21400 Abigail Lane
Huntington Beach, CA 92646

PROJECT DESCRIPTION

Background

On February 26, 2018, the Planning Commission approved, on a 4 to 1 vote, a Conditional Use Permit (CUP) for a Medical Marijuana manufacturing and distribution facility (JoshD Farms) within a 10,007-square-foot tenant space in an existing industrial building. The proposed facility would include preparation, extraction, manufacturing/processing, packaging, staging, storage, and distribution of cannabis products and indoor parking for one delivery vehicle. The facility will be staffed by at least eight persons, including transportation drivers. The initial hours of operation are proposed to be from 7 AM to 7 PM, Monday through Saturday, increasing to a 24-hour-a-day operation, if demand warrants. The facility will have security systems (card readers, security cameras, etc.) throughout the facility. No cultivation of marijuana, or medical marijuana dispensary, is permitted.

The staff report for PA-17-49 can be found here:

http://ftp.costamesaca.gov/costamesaca/planningcommission/agenda/2018/2018-02-26/PH-7.pdf

The minutes for PA-17-49 can be found here:

http://www.costamesaca.gov/home/showdocument?id=30098

The meeting video for PA-17-49 can be found here:

http://www.costamesaca.gov/city-hall/commissions-and-committees/planning-commission/agendas-videos-minutes/2018-agendas-and-minutes

As of the date of this report, building permits have not yet been obtained.

Request for Amendment

On April 3, 2018, the City Council adopted Ordinance No. 18-04 to allow adult use marijuana products to be manufactured, distributed, transported, tested and developed in the same manner and within the same geographic areas as medical marijuana uses pursuant to Measure X. Non-medical adult use marijuana was not legal under state law at that time of the adoption of Measure X but is now legal under the State's Medicinal and Adult-Use Cannabis Regulation and Safety Act. With the City's newly adopted ordinance, Measure X applicants are no longer limited to medical marijuana uses. As such, approved Measure X CUP applicants may request to amend their CUP to include adult use. The applicant submitted this request on August 8, 2018 (Attachment 2).

In accordance with CMMC Section 13-29 (p)(1) (Amendment to a Planning Application), minor amendments to a conditional use permit may be processed as a minor conditional use permit, subject to review and approval by the Zoning Administrator.

ANALYSIS

Justifications for Approval

Staff supports the request based on the following:

The addition of adult use marijuana will not substantially alter the original use as approved. The approved use is for a marijuana manufacturing/distribution facility. Modifying the CUP to allow for adult use marijuana in addition to medical marijuana does not require any physical changes to the facility and results in no substantial changes to the operation as originally approved. Cultivation of marijuana, or medical marijuana dispensary, will continue to be prohibited.

All applicable conditions of approval for PA-17-49 remain in full force and effect. The use, as conditioned, will be consistent with the other uses in the immediate vicinity. Original conditions of approval remain in full force and effect, except as modified in Attachment 1. Modifications to the conditions of approval are administrative in nature and primarily delete references to "medical" marijuana in favor of a more generalized term.

General Plan Consistency

The use is consistent with the use and intensity allowed by the Industrial Park General Plan land use designation and is consistent with the General Plan goals and policies as described below.

FINDINGS

A. The proposed amendment complies with Title 13, Section 13-29(g)(2), Conditional Use Permit and Minor Conditional Use Permit, of the Municipal Code. Findings for approval associated with the originally-approved CUP remain applicable and are not changed by the proposed modification from medical marijuana manufacturing/distribution to medical and adult use marijuana manufacturing/distribution. The findings from Planning Application 17-49 are hereby incorporated by reference. The conditions of approval applicable to this amendment are the same as applied to the originally-approved CUP but have been modified to remove the reference to "medical" marijuana.

B. The project is exempt from the provisions of the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15301 for Existing Facilities. This exemption applies to projects that involve minor alterations to equipment, structures or facilities involving negligible or no expansion of the existing use. The

proposed modification to the approved use from medical marijuana distribution to medical and adult use marijuana distribution results in no physical changes to the facility and constitutes negligible or no expansion of the existing use.

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

CONDITIONS OF APPROVAL (MODIFIED)

Plng.

1. The use of this property as a marijuana manufacturing/distribution business shall comply with the approved plans and terms described in this resolution and these conditions of approval. The business hours shall be from 7:00 AM to 7:00 PM, Monday through Sunday, increasing to 24-hour-a-day operation if demand warrants. No product distribution shall occur between 12:00 AM to 5:00 AM. 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 12 months from issuance of this CUP.
3. Use of this property as a marijuana distributor, manufacturer, or processor 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, marijuana, or any similar item.
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-17-49 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.
13. No person may engage in any marijuana business or in any arijuana 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. 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 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.

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.

Bldg. 8. 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.

9. The conditions of approval and ordinance or code provisions of planning application PA-17-49 shall be blueprinted on the face of the site plan as part of the plan check submittal package.
10. 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.
11. 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.
12. Equipment shall be approved for use by a recognized testing laboratory.

Fire

13. Comply with the requirements of the 2016 California Fire Code and referenced standards as amended by the City of Costa Mesa.
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16. 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.
17. The storage, use, and disposal of volatiles, solvents, or hazardous materials at this facility shall be conducted according to the California Fire Code and the Orange County Environmental Health Department regulations.
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20. Marijuana liquid or solid waste must be made unusable and unrecognizable prior to leaving a secured storage area and shall be

disposed of at a facility approved to receive such waste.

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.

LEE, MEL ATTACHMENT 2

From: blake terreri <blake@joshdfarms.com>
Sent: Wednesday, August 08, 2018 7:06 PM
To: Jim Fitzpatrick
Cc: LEE, MEL; LE, JENNIFER; HATCH, THOMAS; STEPHENS, JOHN; Allan Mansoor
Subject: Re: Adult Use Request - Action Required

Joshd formally requests adult use as soon as possible.

Thank you,
Blake

Sent from my iPhone

On Aug 8, 2018, at 5:49 PM, Jim Fitzpatrick <jimfitzeco@gmail.com> wrote:

Blake,

Project Details: PA-1
7
-
49

JDFCM1 Josh D Farms 3505 Cadillac Ave Unit F9

City Council voted in April to allow Adult Use.

The City has required a Zoning Administrator action.

The attached ZA Public Notice for a decision on August 23 does not include your project.

At once, I need you to reply to this email requesting your CUP be amended to allow Adult Use, requesting the City to schedule the next available Zoning Administrator action.

Please advise of any questions

Cheers,

Jim Fitzpatrick
Solutioneer

CITY OF COSTA MESA

P.O. BOX 1200 • 77 FAIR DRIVE • CALIFORNIA 92628-1200

DEVELOPMENT SERVICES DEPARTMENT

September 20, 2018

Robert Taft Jr.,
2973 Harbor Boulevard #350
Costa Mesa, CA 92626

RE: AMENDMENT TO PLANNING APPLICATION 18-09 TO ALLOW ADULT USE MARIJUANA MANUFACTURING AND DISTRIBUTION IN ADDITION TO MEDICAL MARIJUANA; OPERATED BY THE HEALING PLANT 1678 TORONTO WAY, COSTA MESA

Dear Mr. Taft:

City staff's review of your zoning application for the above-referenced project has been completed. The application, as described in the attached project description, has been approved, based on the findings attached and subject to the conditions listed. The decision will become final at 5:00 p.m. on September 27, 2018, unless appealed by an affected party, including filing of the necessary application and payment of the appropriate fee, or called up for review by a member of the Planning Commission or City Council.

If you have any questions regarding this letter, please feel free to contact the project planner, Mel Lee, at (714) 754-5611, or at mel.lee@costamesaca.gov.

Sincerely,

WILLA BOUWENS-KILLEEN, AICP
Zoning Administrator

Attachments:
1. Modified Conditions of Approval
2. Applicant Request dated August 13, 2018

cc:
Public Services/Engineering
Fire Protection Analyst
Building Safety Division
Transportation Services Division

Owner: Jorge Burtin Trust
2543 Monaco
Laguna Beach, CA 92651

PROJECT DESCRIPTION

Background

On April 9, 2018, the Planning Commission approved, on a 3 to 0 vote, a Conditional Use Permit (CUP) for a Medical Marijuana manufacturing and distribution facility (The Healing Plant) within an existing 22,173-square-foot industrial building. The proposed facility would include preparation, extraction, manufacturing, processing, packaging, staging, storage, and distribution of cannabis products, including non-alcoholic carbonated beverages and edibles, and ancillary office areas. The facility will be staffed by at least 12 employees. The initial hours of operation are proposed to be from 7 AM to 7 PM, daily, increasing to a 24-hour-a-day operation if demand warrants. The facility will have security systems (card readers, security cameras, etc.) throughout the facility. No cultivation of marijuana, or medical marijuana dispensary, is permitted.

The staff report for PA-18-09 can be found here:

http://ftp.costamesaca.gov/costamesaca/planningcommission/agenda/2018/2018-04-09/PH-5.pdf

The minutes for PA-18-09 can be found here:

http://www.costamesaca.gov/home/showdocument?id=30260

The meeting video for PA-18-09 can be found here:

http://costamesa.granicus.com/MediaPlayer.php?view_id=10&clip_id=3188

As of the date of this report, building permits have not yet been obtained.

Request for Amendment

On April 3, 2018, the City Council adopted Ordinance No. 18-04 to allow adult use marijuana products to be manufactured, distributed, transported, tested and developed in the same manner and within the same geographic areas as medical marijuana uses pursuant to Measure X. Non-medical adult use marijuana was not legal under state law at that time of the adoption of Measure X but is now legal under the State's Medicinal and Adult-Use Cannabis Regulation and Safety Act. With the City's newly adopted ordinance, Measure X applicants are no longer limited to medical marijuana uses. As such, approved Measure X CUP applicants may request to amend their CUP to include adult use. The applicant submitted this request on August 13, 2018 (Attachment 2).

In accordance with CMMC Section 13-29 (p)(1) (Amendment to a Planning Application), minor amendments to a conditional use permit may be processed as a minor conditional use permit, subject to review and approval by the Zoning Administrator.

ANALYSIS

Justifications for Approval

Staff supports the request based on the following:

The addition of adult use marijuana will not substantially alter the original use as approved. The approved use is for a marijuana manufacturing/distribution facility. Modifying the CUP to allow for adult use marijuana in addition to medical marijuana does not require any physical changes to the facility and results in no substantial changes to the operation as originally approved. Cultivation of marijuana, or medical marijuana dispensary, will continue to be prohibited.

All applicable conditions of approval for PA-18-09 remain in full force and effect. The use, as conditioned, will be consistent with the other uses in the immediate vicinity. Original conditions of approval remain in full force and effect, except as modified in Attachment 1. Modifications to the conditions of approval are administrative in nature and primarily delete references to "medical" marijuana in favor of a more generalized term.

General Plan Consistency

The use is consistent with the use and intensity allowed by the Industrial Park General Plan land use designation and is consistent with the General Plan goals and policies as described below.

FINDINGS

A. The proposed amendment complies with Title 13, Section 13-29(g)(2), Conditional Use Permit and Minor Conditional Use Permit, of the Municipal Code. Findings for approval associated with the originally-approved CUP remain applicable and are not changed by the proposed modification from medical marijuana manufacturing/distribution to medical and adult use marijuana manufacturing/distribution. The findings from Planning Application 18-09 are hereby incorporated by reference. The conditions of approval applicable to this amendment are the same as applied to the originally-approved CUP but have been modified to remove the reference to "medical" marijuana.

B. The project is exempt from the provisions of the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15301 for Existing Facilities. This exemption applies to projects that involve minor alterations to equipment, structures or facilities involving negligible or no expansion of the existing use. The proposed modification to the approved use from medical marijuana distribution to medical and adult use marijuana distribution results in no physical changes to the facility and constitutes negligible or no expansion of the existing use.

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

CONDITIONS OF APPROVAL (MODIFIED)

Plng.

1. The use of this property as a marijuana manufacturing/distribution business shall comply with the approved plans and terms described in this resolution and these conditions of approval. The business hours shall be from 7 AM to 7 PM, Monday through Sunday, increasing to 24-hour-a-day operation if demand warrants. No product distribution shall occur between 12:00 AM to 5:00 AM. 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 12 months from issuance of this CUP.
3. Use of this property as a marijuana distributor, manufacturer, or processor 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, marijuana, or any similar item.
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-18-09 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-17-0015. 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. 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 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.

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.

Bldg.

8. 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.
9. The conditions of approval and ordinance or code provisions of planning application PA-18-09 shall be blueprinted on the face of the site plan as part of the plan check submittal package.
10. 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.
11. 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.
12. Equipment shall be approved for use by a recognized testing laboratory.

Fire

13. Comply with the requirements of the 2016 California Fire Code and referenced standards as amended by the City of Costa Mesa.
14. Volatile extraction and post-processing winterization operations shall be conducted according to the approved Registered Design Professional's technical report; Fire Department approved Safety Plan; and the approved building construction plans.
15. Any change in equipment, operation, or hazard shall be submitted to the City for review and approval before the change taking place.
16. A copy of the approved technical report and Safety Plan shall be maintained onsite at all times, and it shall be available at the request of any City Official.
17. The storage, use, and disposal of volatiles, solvents, or hazardous materials at this facility shall be conducted according to the California

Fire Code and the Orange County Environmental Health Department regulations.

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. 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.
20. 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.

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.

LEE, MEL

From: Ben Knight <ben@cmxdistro.com>
Sent: Monday, August 13, 2018 12:58 PM
To: LEE, MEL; LE, JENNIFER
Cc: Robert Taft, Jr ; Clay Tanner
Subject: CUP Adult Use Amendment PA-18-09

ATTACHMENT 2

Mel/Jennifer

On April 3, 90 days ago, City Council adopted a Resolution to include Adult Use based on the passage of Prop 64. Toronto Way Partners (The Healing Plant) PA-18-09 currently has been awarded its Medical CUP for manufacturing.

This letter is to advise the City of our intent to include Adult Use as part of our operations and would like your approval. We encourage the City to seek an expeditious approval for this amendment.

Please advise us of next steps

Sincerely,

Rob/Ben