

Exhibit B

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EXHIBIT B
PROJECT DISCUSSION
PLN170336 (Carmel Valley Original Inc.)

Description & Parking

The applicant, Anthony Lane, on behalf of Carmel Valley Original, Inc., requests an Administrative Permit and Design Approval to allow a 1,284-square foot cannabis retailer in a currently vacant building, on a 0.38-acre lot that also contains a residential dwelling in the rear of the property that will remain for residential use. The retailer is required to provide six (6) parking spaces per MMC Chapter 21.58, which requires one parking space per 250 square feet of net floor area. There are currently a total of nine (9) parking spaces associated with the 1,290 square foot commercial building and residential dwelling on site; which would require two of the nine spaces for the residential unit. However, the applicant is proposing fourteen (14) total parking spaces. Therefore, the retailer would satisfy the parking requirements. Access to the shared parking lot is from River Road.

There are two pedestrian entrances to the building, one facing River Road and the other at the rear of the building facing the parking lot. Retailer patrons would enter through the front door facing River Road. The rear access to the building would be for employees only. Deliveries would also be made at the rear entrance of the retailer.

Background

On November 16, 2017, Carmel Valley Original submitted a request for a pre-application Development Review Committee (DRC) meeting. Following the DRC meeting, an official application for a Use Permit was made on November 27, 2018 and the application was deemed complete on February 13, 2019. Between the time of this application submittal and the project being deemed complete, the Board of Supervisor adopted/revised the cannabis ordinance in December of 2018 to no longer require a Use Permit but rather an Administrative Permit for cannabis business operation in the inland areas subject to Monterey County Code (Title 21) Section 21.67.040. If the Administrative Permit is approved, an application for a Commercial Cannabis Permit will also be required to operate the retail dispensary pursuant to Chapter 7.90 of the Monterey County Code.

Administrative Permit Standards

Cannabis retailers are listed as a “Use allowed – Administrative permit required in each case” in the Light Commercial (LC) Zoning District. Standards for cannabis retail Administrative Permits are contained in Section 21.67.040 of the Inland Zoning Ordinance (Title 21). Minimum standards include:

1. Location in a light or heavy commercial zoning district;
2. Location more than 600 feet from a school, public park, or drug recovery facility;
3. Location more than 1,500 feet from another retailer;
4. Appropriate record keeping policies and consent for inspections;
5. Appropriate security measures;
6. Appropriate delivery procedures;
7. Appropriate supply chain to include permitted and licensed facilities only;
8. Appropriate packaging and labeling of products;
9. Tracking and reporting of inventory discrepancies, theft, loss, or other breach of security;

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10. Restriction on possession or sale of any other form of illegal drugs.

Consistency with these standards is analyzed below.

Neighborhood Compatibility

Staff recognizes the concerns raised by neighbors to the proposed dispensary. From a policy and regulation standpoint, concerns raised during review regarding neighborhood compatibility most closely fit within the contexts of General Plan Policy LU-2.30 which allows small-scale retail and commercial service uses primarily serving local residents and at a scale and design that blends with the rural character of the area. This particular area does not have regional serving shopping facilities and commercial/retail uses are limited to the special treatment area (Toro Area Plan Policy T-1.4/Mo's shopping center) and two small properties, inclusive of the subject property that have a light commercial zoning designation.

The surrounding rural neighborhoods along River Road are primarily made up of medium sized (three or four bedroom) to large (four, five or more bedroom) single-family homes ranging from approximately 1,500 sq. ft. to 3,500 sq. ft. zoned low, medium and rural density residential. The architectural styles are comprised with traditional Ranch, Craftsman, Farmhouse, Colonial and Spanish. Most of the residential real estate is owner occupied. Many of the residences were established between 1970 to 1999. A number of residences were also built between 1940 and 1969. Recent data from First American Title shows homes sold in the area range from \$750,000 to \$1.5 million. Outside of the residential areas are primarily 40 acre minimum farmlands. Although this area is in close proximity to the City of Salinas (approximately 4 miles), there is a rural country lifestyle with a strong sense of community.

Despite the concerns regarding neighborhood compatibility, staff has found the project is consistent with land use and zoning regulations because the proposed dispensary is located in a light commercial zoning district which permits dispensary uses and because plans and information have been submitted that satisfy regulatory requirements for cannabis permitting. Additional concerns regarding traffic and safety have also been addressed.

It is within the purview of the Planning Commission to consider public opinion and weigh that opinion against land use policy and regulations.

Proximity to youth

The County of Monterey Health Department has also reviewed the application and provided a matrix to assess the public health impact to determine the level of concern for at-risk populations if a cannabis retail facility is opened at this proposed location. The review uses a Risk Management Assessment Matrix (See Exhibit K) to indicate if the proposed permitted facility would have low, moderate, or high public health concerns. Of particular concern is the impact of legalization on youth below age 25. It was concluded from the Health Department that the retail permit for this cannabis retail facility would result in a public health risk assessment score of six (6), which falls into the range of a moderate risk for increased public health impacts due to potential exposures and/or increased use by risk groups due to normalization of cannabis. Based

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on this score and thus the potential for public health risk, Monterey County Health Department does not support the issuance of a retail permit for this facility at this time.

Traffic Safety

RMA- Public Works compiled data for collisions reported over a five year period along River Road, from Ranchito Drive to Laguna Road (approximately 1.2 miles). During this period, eleven (11) collisions were reported. Of these eleven (11) collisions, only two occurred in the vicinity of the proposed project site, both north of Berry Drive. Berry Drive is approximately 500 feet north of the proposed project site. Both of these collisions were attributable to driver behavior (e.g., wrong side of road, unsafe speed). No collision data was reported related to turn movements into or out of properties in the proximity of the project site (See Exhibit J).

Regulatory Analysis

In order to address the standards and findings required to grant an Administrative Permit for a cannabis retailer, the applicant has submitted an Administrative Permit Application that describes how operations will comply with the relevant standards (Exhibit C-3). The operations plan includes the hours of operation, number of employees, security protocols, customer age verifications, loitering restrictions, product safety, packaging, supply chain information, record keeping policies including track and trace programs, contact information for nuisance complaints, and other site information addressing operational standards including fire, health, and safety.

Staff has reviewed the plans and information submitted with the Administrative Permit application and determined that the plans address the minimum standards contained in Section 21.67.040. Standards considered in review of the application include:

Land Use and Zoning: Zoning on the property is Light Commercial or “LC.” Cannabis retailers are an allowed use subject to an Administrative Permit in the LC zoning district. Therefore, commercial cannabis retailers are an allowed use on the site.

Location and hours: The property is in an area that permits retail uses; is more than 6,800 feet from Buena Vista Elementary School (the nearest school); 3,400 feet from Indian Springs Subdivision residential playground. It is not within 1,500 feet of another permitted retailer. Operations plan propose hours to be 9:00 A.M. to 8:00 P.M (Monday-Friday), 9:00 A.M. to 6:00 P.M (Saturday) and closed on Sunday and holidays.

Delivery: Delivery of cannabis or cannabis products will be tracked utilizing Detrack software applications platform. Employees would use their own vehicle to make the deliveries (proof of auto insurance and coverage will be required). Employees will carry a copy of the documents showing retailer’s current permits, licenses, employee’s government issued identification, delivery request and chain of custody records for all goods being delivered. Each vehicle will be equipped with a geotracking device. Delivery service will take place between the hours of 11:00 A.M. to 6:00 P.M. Monday thru Saturday.

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Product tracking and records: The owner and all permittees will maintain clear and adequate records and documentation demonstrating that all cannabis or cannabis products have been obtained from or are provided to other permitted and licensed cannabis operations; and will provide all records for inspection consistent with state law.

Security: Security systems and procedures have been reviewed by RMA – Planning and Monterey Regional Fire Protection District. Appropriate measures and systems are proposed to meet local and State security requirements. There will be onsite security from a contracted security service, cannabis and cannabis products will be stored within a secured and locked safe, or vault with limited access with limited products kept in a display area, 24-hour video surveillance will be provided at strategic locations (internal & external) throughout the facility, and integrated fire and burglary alarm systems will be installed. Bulletproof glass will replace normal glass for both the front door and all windows. A locked door will be established between the facility's entrance and the designated limited access area. The limited access area will only be accessible to authorized principal officers and agents, or service professionals conducting business. Security and emergency response training will be required for all employees. Exterior lighting plans have been proposed at the facility and the parking area. The exterior lighting will be directed downward and shielded to eliminate glare to meet with the County's Design Guidelines for Exterior Lighting. It will be on from dusk to dawn. Security lighting will also be incorporated and triggered by motion detectors (See Exhibit K).

Traffic: A report was prepared by traffic engineer, Larry Hail from Pinnacle Traffic Engineering dated November 27, 2018 and updated on May 9, 2019. The site previously contained a convenience market that is has been vacant for many years. While vacant, baseline traffic conditions in the vicinity have not included any traffic associated with use of the property. Any new use of the property would increase vehicular traffic to and from the site. Existing capacity exists to accommodate the projected traffic increases above base line conditions (vacant structures) and the traffic engineer concluded that the proposed dispensary use will generate significantly less traffic than a convenience market use (about 10% or less during PM peak hour). Because the site has been vacant, traffic impact fees will be applied to the project which are intended to address regional cumulative traffic in the area. As designed and conditioned, the project is not anticipated to significantly affect traffic in the region. Turning movements in and out of the driveway for the dispensary have also been reviewed. See the discussion on Public Concerns below for additional information.

Nuisances: A 24- hour business contact will be provided for nuisance complaints such as suspicious activity or loitering. Odor control will include a series of active carbon filters to reduce odors. The air will be filtered with humidifiers, dehumidifiers and air conditioning. The proprietor, through security patrols and employee trainings, will prohibit loitering with onsite.

Physical improvements: Subject to approval of this permit, the owners will submit building plans for the interior tenant improvements. There are minor changes to the exterior, mostly cosmetic and for security purposes such as a new 8-foot high rod iron entry gate, security bars on windows fencing, stucco and paint. There will be a 5' x 2' parking informational sign on the building of the west elevation and a 12.5' x 2' frontage business sign on the south elevation

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Setback: There are no cannabis retailers located within 1,500 feet of the proposed retailer. This is the first cannabis dispensary/retailer application to be considered in the Toro Planning Area. Two other applications have been received for cannabis retailer uses in the vicinity. One application was for a dispensary near the gas station approximately 1,500 feet north of the subject site. That application was withdrawn and is no longer being pursued. An application is also pending for a cannabis dispensary at the former McShane's Nursery on Highway 68.

If an Administrative Permit is granted, any dispensary business operating at the site will be required to obtain and maintain an annual Commercial Cannabis Permits pursuant to Chapter 7.90 of the Monterey County Code, which will require in depth review of the standard operating procedures for the business as well as background checks and a Business Licenses pursuant to Chapter 7.02 of the Monterey County Code. They will also be required to obtain and maintain State licenses, and pay the Monterey County cannabis tax.

Public Concerns

Staff received numerous correspondence (via emails & letters) from interested parties, mostly neighbors in close proximity to the proposed dispensary (**Exhibit E**). Majority of the concerns are relating to traffic, safety and parking. Overall, the interested parties do not feel that the dispensary fits in a predominately rural residential area.

On January 14, 2019 date, the project was considered by the Toro Land Use Advisory Committee (LUAC). Concerns were expressed at the LUAC meeting regarding:

- Traffic impacts and hazards
- Neighborhood compatibility
- Proximity to youth with a school bus stop nearby
- Security

Multiple emails and letters have been received since the LUAC meeting that reiterated the concerns raised at the LUAC meeting.

Traffic

Traffic reports have been prepared for the project. With minor improvements to the parking area, traffic impacts and hazards are not anticipated. A simulation was conducted by the traffic engineer to represent a vehicle exiting the front and rear parking areas on site. The parking simulation was performed and demonstrated that a vehicle will be able to back out of a parking space in the front and rear parking areas, maneuver the vehicle and exit the project site going forward.

Evaluation of access was completed in the traffic report regarding the deceleration and acceleration of vehicles accessing the project site. River Road, adjacent to the project site, has a single 12' travel lane in each direction, a 6'-7" shoulder on the north side, and is posted with a 45 miles per hour (mph) speed limit. Based on the project site location, it's anticipated that the majority of traffic will be traveling to and from the west. The peak hour volume of traffic estimated to enter the site from the westbound lane in relation to the peak hour volume on River

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Road do not warrant construction of turning lanes or deceleration tapers in this case. Turn pockets are warranted when peak hour traffic would exceed 30 right turns per hour. The proposed dispensary is anticipated to generate a demand of less than 60 right turns per hour according to the traffic study. The westbound shoulder will provide an area for partial deceleration when approaching the project driveway.

In addition, the Applicant will purchase and install a “Rectangular Rapid Flashing Beacon” at the existing crosswalk on River Road to help slow down traffic coming down the hill. Public Works has accepted the proposed beacon and applied it as a condition of approval (**Condition No. 12**).