

Exhibit A

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EXHIBIT A
PROJECT DISCUSSION
PLN160803 (Catlin/Big Sur Cannabotanicals)

Description

The property owner proposes to lease space in an existing retail space located at 26325 Carmel Rancho Lane, Suite 100, in the Carmel Rancho Shopping Center to a commercial medical cannabis dispensary. The Carmel Rancho shopping center is near the intersection of Highway 1 and Carmel Valley Road and is a regional serving commercial retail area containing a variety of commercial uses. The site is zoned Light Commercial, with Design Control, Site Plan Review, and Residential Allocation Zoning overlays (LC-D-S-RAZ) in the Carmel Valley Master Plan area. Construction of the building was approved by the Zoning Administrator in 1980 for “offices and shops” in a Planned Commercial zoning designation. Since that time, the zoning has been updated and a General Development Plan would now be required for multiple uses the site. A General Development Plan has not been approved for the site making it legal non-conforming as to the General Development Plan requirements of the current zoning code. The business within the subject space was previously a rug and antique shop. The space faces the shared parking area for the Barnyard and Carmel Rancho Shopping centers.

Background

The property owner proposes to lease space to Big Sur Cannabotanicals who would operate the dispensary use on the property. Big Sur Cannabotanicals filed Articles of Incorporation with the Secretary of State in September 2014 and has been operating in Monterey County under the terms of the Compassionate Use Act since that time. On May 20, 2016, Big Sur Cannabotanicals was granted an exemption from the Interim Ordinance (Ordinance No. 5265) which provided them with an exception from the temporary ban on new cannabis operations in Monterey County and allowed them to continue operating while the County considered permanent regulations. Although the exemption was granted based on a lease provided for 27875 Berwick Drive in Carmel Valley, it was the applicant’s stated intent at the time to move their operations to 26325 Carmel Ranch Lane. The operation has moved to 26325 Carmel Rancho Lane without seeking a revised exemption from the County and is currently operating at that location. Prior to adoption of the new cannabis regulations, retail uses (like a dispensary) would have been allowed at the site without the need to obtain new planning permits.

In July of 2016, the Board of Supervisors adopted ordinances establishing regulations for medical cannabis operations in Monterey County. Pursuant to the adopted regulations, all commercial medical cannabis businesses must obtain a Use Permit (land use) and an annual Commercial Medical Cannabis Business Permit. On December 7, 2016, Big Sur Cannabotanicals submitted a request for a pre-application Development Review Committee (DRC) meeting. Following the DRC meeting, an official application for Use Permit was made on March 14, 2017 and the application was deemed complete on April 13, 2017. If the Use Permit is approved, an application for a Commercial Medical Cannabis Permit will also be required pursuant to Chapter 7.90 of the Monterey County Code.

Use Permit Standards

Medical cannabis dispensaries are listed as a “Use Allowed with a Use Permit in each case” in the Light Commercial (LC) Zoning District. Standards for medical cannabis dispensary Use

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Permits are contained in Section 21.67.040 of the Inland Zoning Ordinance (Title 21). Minimum standards include:

1. Location in a 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 dispensary;
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;
10. Restriction on possession or sale of any other form of illegal drugs.

Consistency with these standards is analyzed below.

Required Findings

In addition to these minimum standards, a Use Permit shall not be granted unless all the following findings are made:

1. The dispensary, as proposed, has demonstrated that it can and will comply with all the requirements of the State and County to operate a medical cannabis dispensary;
2. The dispensary will not be located within six hundred feet of a school, public park, or drug recovery facility, or within 1,500 feet of another dispensary;
3. The dispensary, as approved and conditioned, will not result in significant unavoidable impacts on the environment;
4. The dispensary includes adequate measures that minimize, to the extent feasible, nuisances to the immediate neighborhood and community including minimizing the detection of odor from offsite, minimizing the effect of loitering, providing adequate security measures, and not exceeding the Use Permit's limits on hours of operation; and
5. The dispensary will provide adequate measures that address the federal enforcement priority for cannabis activities including providing for restrictions on drugged driving, restricting access to minors, prohibiting use or possession of firearms for security purposes at the premises, and ensuring that medical cannabis and medical cannabis products are supplied from permitted and licensed sources.

A draft resolution includes findings and evidence for consideration (**Exhibit C**). Staff recommends approval determining that these findings have been met.

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Mandatory Conditions

Mandatory conditions of approval required for all medical cannabis dispensary Use Permits. Staff recommends approval subject to 10 conditions of approval, including the mandatory conditions (**Exhibit C-1**).

Analysis

In order to address the minimum standards and required findings for a Use Permit, the applicant has submitted a Operations Plan (**Exhibit C-2**) that describes the hours of operation, security protocols, patient verifications, youth restriction procedures, product safety, packaging, supply chain information, record keeping policies including track and trace programs, odor prevention measures, 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 Use Permit application and feels that the findings required to grant the Use Permit can be made in this case. Plans submitted address the minimum standards contained in Section 21.67.040 including location within a Light Commercial Zoning District. Standards considered in review of the application include:

Location and hours: The property is located in a Light Commercial Zoning District; is more than 1,800 feet from Carmel Middle School (the nearest school/park to the site); and is not within 1,500 feet of another permitted dispensary (see discussion regarding setback below). Operations plan propose hours to be 10:00 A.M. to 7:00 P.M.

Product tracking and records: Track and trace software, together with operational details regarding inventory and accounting are proposed that would be capable of maintaining clear records for all product purchases, deliveries, and sales. Through the software system, chain of title and manifests of products from seed to sale can be provided. This will provide accountability to ensure products remain in a regulated market and are not illegally diverted.

Security: Security systems and procedures have been reviewed by RMA – Planning, Fire, and the Sheriff’s Office and appropriate measures and systems are proposed to meet or exceed local and State security requirements. Security will be similar to a bank operation with 24-hour on-site security from a contracted security service, locked safe rooms with limited access, video surveillance at strategic locations throughout the facility, integrated alarm systems, and emergency response plans. Additional measures are proposed for delivery services security including security personnel oversight of loading products into unmarked vehicles. Vehicles will have built in mini safes for transport. Only small amounts of products will be transported at any one time.

Nuisances: A 24- hour business contact information is provided for nuisance complaints such as suspicious activity or loitering. Odor control would include carbon filters as part of the HVAC system and air purification units within the building. Patients will not be permitted to consume products on-site.

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Patient verification and Youth restrictions: All customers will be required to check in at a reception area where doctors' recommendations and identification will be verified before the customer is permitted to enter the sales area. Only patients with a valid physician recommendation or their designated primary caregiver will be allowed to enter. This permit is for a medical cannabis dispensary only. It does not authorize any an adult/recreational cannabis activities.

Physical improvements: Minor interior tenant improvements have been permitted. There will be no exterior change to the structure other than a new 3-foot by 2-foot wooden sign hung from a wrought iron hanger and a 1-foot by 1-foot green cross to identify the business from the outside.

Setback: The one potential future conflict identified during review of the project involves another Use Permit application currently in process with the County for a medical cannabis dispensary within 1,500 feet of the proposed dispensary. If approved, this property would be the first to be authorized for a medical cannabis business under the recently adopted cannabis regulations in Monterey County. It is staff's interpretation that the 1,500-foot setback applies only from a permitted dispensary site and furthermore, that applications should be evaluated on a first-come first-served basis.

The property owner was the first to submit a pre-application for a medical cannabis dispensary on December 7, 2017 at around 10:30 A.M., the other application was submitted later that day. Both applications were discussed at a Development Review Committee meeting on January 24, 2017 and both applicants were mailed follow-up letters and a checklist of submittal requirements on February 15, 2017. A Use Permit for the subject property was officially submitted on March 14, 2017 and their application was deemed complete on April 13, 2017, while the other dispensary application was ready for submittal on April 14, 2017, approximate 30-days later.

Since there are no other dispensaries permitted in the unincorporated areas of Monterey County as of the writing of this report, the proposed dispensary would meet the required setback.

In addition to operating on a site with an approved Use Permit, Big Sur Cannabotanicals (the dispensary business) will be required to obtain and maintain an annual Commercial Medical Cannabis Permit 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, beginning in 2018, they will also be required to obtain and maintain a State license from the Bureau of Medical Cannabis Regulation.