

Exhibit C

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**EXHIBIT C
DRAFT RESOLUTION**

**Before the Planning Commission in and for the
County of Monterey, State of California**

In the matter of the application of:

THEODORE COMINOS/HIGHER LEVEL OF CARE (PLN170093)

RESOLUTION NO. ----

Resolution by the Monterey County Hearing Body:

- 1) Finding the project categorically exempt from CEQA pursuant to Section 15303 of the guidelines; and
- 2) Approving a Use Permit to allow a cannabis retailer use at 10665 Merritt Street, Castroville.

[PLN170093, Higher Level of Care, 10665 Merritt Street, Castroville Community Plan, North County Area Plan (APN: 030-161-008-000)]

The Cominos application (PLN170093) came on for public hearing before the Monterey County Planning Commission on January 10, 2018. Having considered all the written and documentary evidence, the administrative record, the staff report, oral testimony, and other evidence presented, the Planning Commission finds and decides as follows:

FINDINGS

1. **FINDING:** **CONSISTENCY** – The Project, as conditioned, is consistent with the applicable plans and policies which designate this area as appropriate for development.
EVIDENCE:
 - a) An application for a Use Permit to allow a commercial cannabis retailer at 10665 Merritt Street, Castroville was filed on June 9, 2017 and was deemed complete on July 10, 2017.
 - b) During the course of review of this application, the project has been reviewed for consistency with the text, policies, and regulations in:
 - the 2010 Monterey County General Plan;
 - Castroville Community Plan;
 - Monterey County Zoning Ordinance (Title 21);No conflicts were found to exist. No communications were received during the course of review of the project indicating any inconsistencies with the text, policies, and regulations in these documents.
 - c) The property is located at 10665 Merritt Street, Castroville (Assessor's Parcel Number 030-161-008-000), Castroville Community Plan, North County Area Plan. The property is zoned Community Plan or "CP" which refers back to the specific development policies and standards adopted in the Community Plan for the parcels' specific geographic area. The parcel is governed by the Castroville Community Plan or "CCP," which classifies the land use designation of the property as

Mixed Use or “MU-C,” which provides for a mix of uses, including commercial/retail uses. Cannabis retailers are not a use specifically allowed in the CCP. However, other uses similar in character, density, and intensity of permitted uses within the mixed-use area (such as pharmacies and retail stores) would be allowed with appropriate permits. Pursuant to Section 21.39.020.C (CP Zoning), regulations, standards, or procedures contained within Title 21 not otherwise addressed by the Community Plan, shall be applicable. Therefore, the proposed use would be consistent with the CCP if it consistent with the regulations for commercial cannabis activities contained in Section 21.67 of Title 21. The applicant has submitted evidence demonstrating that they can and will comply with Chapter 21.67 of Title 21 (see Evidence that follows).

- d) The proposed application involves no changes to the exterior of the existing commercial space other than fencing for security purposes. The 29-foot long, 8-foot high wrought iron fence would be located at the rear of the property to provide additional security during loading and delivery of cannabis products. The proposed fencing is not consistent with the CCP Design Guideline, Section 8.4, Walls, Fences, and Retaining Walls, which requires security fencing to include a combination of solid pillars or short solid wall segments and wrought iron grill work. Condition of Approval 10 would require the proposed wrought iron fencing to incorporate solid pillars into the design of the proposed wrought iron fence.
- e) A Use Permit application has been submitted for the proposed cannabis retailer use that addresses the minimum regulations contained in Section 21.67.040.B of the Zoning Ordinance Title 21.
- f) Location: The retailer will be located on a property designated for mixed-use development which allows retail sales and uses, is more than 600 feet from the nearest school, public park or drug recovery facility and would not be located 1,500 feet from another permitted retailer.
- g) Records: The Use Permit application describes how the business will maintain clear and adequate records and documentation demonstrating that all cannabis or cannabis products have been obtained from other permitted and licensed cannabis operations. All records will be provided for inspection upon request by County or State officials consistent with State law. (Condition 6).
- h) Security: The Use Permit Application provides a detailed description of security measures to be implemented on-site. The proposed security measures have been reviewed by the RMA and include on-site security personnel, storage of cannabis products in a secured and locked safe room, safe, or vault, security bars on the windows and doors, limited areas for authorized personnel only, secured loading area for incoming deliveries.
- i) Delivery Services: The applicant is not proposing delivery service. The retailer would receive only incoming deliveries of cannabis products.
- j) Supply Chain: Application materials submitted include a summary of operations. The applicant proposes to purchase and make available

cannabis and cannabis products that are tested, appropriately packaged and labeled, and verified to come from sources that have appropriate permits, licenses, and entitlements to operate.

- k) Packaging and Labeling: Application materials submitted include a statement that Higher Level of Care will not distribute any cannabis or cannabis products unless these products are labeled and in a temper-evident package in compliance with State law and any additional rules promulgated by the licensing authority.
- l) Sheriff Notification: The retailer application (**Exhibit C**) describes the proposed operational procedures for preventing theft & diversion, on-site consumption, and loitering. The plan indicates that employees will be trained on procedures to accomplish this result. The Sheriff's office will be notified within 24 hours of any discrepancies, alteration of records, or security breach.
- m) Other Illegal drugs: Application materials state that the applicant will prohibit the possession or delivery of any form of illegal drugs without proper legal authorization and understands this would be grounds for revocation of their permit.
- n) Any retailer business operating at the site will be required to obtain a Business Permit pursuant to Chapter 7.90 of the Monterey County Code, a Business License pursuant to Chapter 7.02 of the Monterey County Code, and a retailer license from the State. These other licenses and entitlements will ensure ongoing monitoring of compliance with the plans and operational requirements. Failure to obtain and maintain all required permits, licenses, and entitlements may be ground for revocation of this permit.
- o) The project was referred to the Castroville Community Plan Land Use Advisory Committee (LUAC) for review. Two members were in attendance and pursuant to Brown Act Rules, there was no quorum. However, the applicant made a presentation and the members present, acting as individuals and not as committee members, expressed that they find the project fits within the surrounding commercial area and is consistent with the Castroville Community Plan.
- p) The application, project plans, and related support materials submitted by the project applicant to Monterey County RMA-Planning for the proposed development found in Project File PLN170093.

2. **FINDING:** **SITE SUITABILITY** – The site is physically suitable for the use proposed.

- EVIDENCE:**
- a) The project has been reviewed for site suitability by the following departments and agencies: RMA- Planning, North County Fire Protection District, RMA-Public Works, RMA-Environmental Services, Environmental Health Bureau, Agricultural Commissioner's Office, and Water Resources Agency. There has been no indication from these departments/agencies that the site is not suitable for the proposed development. Conditions recommended have been incorporated.
 - b) The dispensary is currently in operation and has not had any complaints or issues with odor or other nuisances. If odors become an issue, the applicant proposes to install an electronic air purifier and

carbon filters within the existing heating, ventilation, and air conditioning system already in place. A 24-hour contact is available to address issues concerns or complaints arising from the dispensary operation.

- c) The proposed location is an existing retail tenant space located along the established commercial corridor of Merritt Street in Castroville. The proposed retailer use is similar in character to other retail operations in the vicinity. Parking, access, and other improvements for the shopping center are already provided.
- d) Operational plans including security, tracking, reporting, sustainability measures, and other relevant information are proposed to address regulatory requirements and minimize impacts at the site and in the surrounding areas (See also Finding 1 with relevant evidences)
- e) The application, project plans, and related support materials submitted by the project applicant to the Monterey County RMA - Planning for the proposed development found in Project File PLN170093.

3. **FINDING:** **HEALTH AND SAFETY** - The establishment, maintenance, or operation of the project applied for will not under the circumstances of this particular case be detrimental to the health, safety, peace, morals, comfort, and general welfare of persons residing or working in the neighborhood of such proposed use, or be detrimental or injurious to property and improvements in the neighborhood or to the general welfare of the County.

- EVIDENCE:**
- a) The project was reviewed by the Planning, North County Fire Protection District, Public Works, Environmental Health Bureau, Agricultural Commissioner's Office, and Water Resources Agency. The respective agencies have recommended conditions, where appropriate, to ensure that the project will not have an adverse effect on the health, safety, and welfare of persons either residing or working in the neighborhood.
 - b) The project is located in Zone 2C where there is a rebuttable presumption that there is a Long Term Sustainable Water Supply (General Plan Policy PS-3.1 and 3.2). The retailer is currently operating with water needs only for restroom facilities. The subject Use Permit application will not intensify the use of water at the site.
 - c) Operational plans including security, tracking, reporting, and other relevant information are proposed to address regulatory requirements and minimize impacts at the site and in the surrounding areas (See also Finding 1 with relevant evidences).
 - d) Any retailer operating at the site will be required to obtain a Business Permit pursuant to Chapter 7.90 of the Monterey County Code, a Business License pursuant to Chapter 7.02 of the Monterey County Code, and a retailer license from the State. These other licenses and entitlements will ensure ongoing monitoring of compliance with the plans and operational requirements.
 - e) The Environmental Health Bureau will require that the facilities be designed to meet or exceed the requirements of the California Health and Safety Code, Division 104, Part 7, California Retail Food Code

and the Agricultural Commissioner's Office will inspect packaging, labeling, and weighing devices used onsite.

- f) The application, project plans, and related support materials submitted by the project applicant to the Monterey County RMA - Planning for the proposed development found in Project File PLN170093.

4. **FINDING:** **NO VIOLATIONS** - The subject property is not in compliance with all rules and regulations pertaining to zoning uses. The approval of this permit will correct the violations and bring the property into compliance.

- EVIDENCE:**
- a) Staff reviewed Monterey County RMA - Planning and Building Services Department records and is aware that a medical cannabis dispensary is operating on subject property without a Use Permit.
 - b) On September 17, 2015, Higher Level of Care 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.
 - c) The proposed project would provide the required Use Permit for a commercial cannabis retailer at 10665 Merritt Street, Castroville. When implemented, the project will bring the subject property into compliance with all rules and regulations pertaining to the property.
 - d) The application, plans and supporting materials submitted by the project applicant to Monterey County RMA-Planning for the proposed development are found in Project File PLN170093.

5. **FINDING:** **STATE AND COUNTY REQUIREMENTS:** - The retailer, as proposed, has demonstrated that it can and will comply with all of the requirements of the State and County to operate a cannabis retailer.

- EVIDENCE**
- a) Operational plans including security measures, record keeping, monitoring and reporting requirements, packaging and labeling standards, and other relevant information are proposed to address regulatory requirements contained in Section 21.67.040 of the Inland Zoning Ordinance Title 21 (See also Finding 1 with relevant evidences).
 - b) Any retailer operating at the site will be required to obtain a Business Permit pursuant to Chapter 7.90 of the Monterey County Code, a Business License pursuant to Chapter 7.02 of the Monterey County Code, and a retailer license from the State. These other licenses and entitlements will ensure ongoing monitoring of compliance with the plans and operational requirements on the local and State level. Failure to obtain and maintain all required permits, licenses, and entitlements may be ground for revocation of this permit.

6. **FINDING:** **REQUIRED SET BACKS:** - The retailer will not be located within six hundred feet from any school, public park, or drug recovery facility, or within one thousand five hundred feet of another retailer.

- EVIDENCE:**
- a) The retailer will be located at 10665 Merritt Street, Castroville (Assessor's Parcel Number: 030-161-008-000).

- b) Castroville Elementary School is the nearest school with public fields associated with the school also being the nearest public park. The school boundary is more than 1,700 feet from the proposed retailer.
 - c) There are no known drug recovery facilities in the area. Maestro Daniel drug abuse and addiction treatment center is located 5 miles in Salinas, 5 miles from the proposed retailer.
 - d) The retailer would not be located within 1,500 feet of another retailer.

- 7. **FINDING:** **LESS THAN SIGNIFICANT IMPACTS:** - The retailer, as approved and conditioned, will not result in significant unavoidable impacts on the environment.

EVIDENCE:

 - a) The project would allow a commercial cannabis retailer within an existing retail building. The only physical improvements would include minimal interior tenant improvements and minimal exterior improvements, including fencing to provide security for loading and delivery of products.
 - b) As proposed and conditioned, the project can be categorically exempt from the California Environmental Quality Act (See Finding 10).

- 8. **FINDING:** **MINIMIZE NUISANCES:** - 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 effects of loitering, providing adequate security measures, and not exceeding the Use Permit's limits on hours of operation.

EVIDENCE:

 - a) Plans and materials contained in the file (PLN170093) include measures to minimize nuisances within the area. A 24-hour contact will be available to address issues and concerns that may arise as a result of the operation.
 - b) Odor is not currently an issue at the site; however, if it does become an issue, the applicant proposes to install air purification devices and carbon filters in the building HVAC system.
 - c) Security measures and protocols are proposed that would minimize risk of theft, diversion, and loitering.
 - d) Procedures are proposed to include identification of customers prior to having access to cannabis or cannabis products.
 - e) The proposed hours of operation are 8:00 A.M. to 8:00 P.M. seven days a week. The hours of operation have been included in the conditions of approval for the project (Condition #4).
 - f) Ongoing monitoring and inspection for compliance with the plans and regulations will be required.

- 9. **FINDING:** **FEDERAL COMPLIANCE** – The retailer will provide adequate measures that address the federal enforcement priorities for cannabis activities including providing for restriction on drugged driving, restricting access to minors, prohibiting use or possession of firearms for security purposes at the premises, and ensuring that cannabis and cannabis products are supplied from permitted and licensed sources.

EVIDENCE:

 - a) Plans and materials contained in file PLN170093 include protocols to address federal enforcement priorities. All cannabis products would be

packaged and labeled in accordance with Monterey County Code and State Law. The owner and all permittees would maintain clear and adequate records and documentation demonstrating that all cannabis products have been obtained from or are provided to other permitted and licensed and licensed cannabis operations. The retailer would restrict access to minors, discourage drugged driving, and prohibit security personnel from carrying a lethal weapon.

- b) Background checks of all persons with 10 percent or more interest in the cannabis businesses will be conducted as part of the Business Licensing requirement pursuant to Chapter 7.90. Any known association with organized crime may be grounds for denial of business permits and State licenses required to operate the retailer.
- c) Any cannabis retailer business operating at the site will be required to obtain a Business Permit pursuant to Chapter 7.90 of the Monterey County Code, a Business License pursuant to Chapter 7.02 of the Monterey County Code, and a retailer license from the State. These other licenses and entitlements will ensure ongoing monitoring of compliance with the plans and operational requirements on the local and State level.
- d) Violations of Federal Enforcement priorities may be grounds for revocation of this permit.

10. **FINDING:** **CEQA (Exempt):** - The project is categorically exempt from environmental review and no unusual circumstances were identified to exist for the proposed project

- EVIDENCE:**
- a) California Environmental Quality Act (CEQA) Guidelines Section 15303, categorically exempts the conversion of existing small structures from one use to another where only minor modifications are made in the exterior of the structure.
 - b) The project entails a change in commercial use within an existing 1,855 square foot commercial tenant space. Improvements are limited to minor interior tenant improvements and minor exterior improvements, including fencing to provide security during loading and delivery of cannabis products.
 - c) None of the exceptions under CEQA Guidelines Section 15300.2 apply to this project. The project is located within an existing structure that has adequate services available to serve the proposed use. Other than new security fencing and new signs identifying the business, there are no physical changes proposed that may cause an impact to historic resources or visual resources.
 - d) The applicant has proposed appropriate operational plans and details to minimize nuisances in the vicinity including odor and security measures (See the preceding Findings and Evidence).
 - e) The application, project plans, and related support materials submitted by the project applicant to Monterey County RMA-Planning for the proposed development found in Project File PLN170093.

11. **FINDING:** **APPEALABILITY** - The decision on this project may be appealed to the Board of Supervisors

- EVIDENCE:** a) Section 21.80.040.D of the Monterey County Zoning Ordinance states that the proposed project is appealable to the Board of Supervisors.
b) The project is not located in the Coastal Zone.

DECISION

NOW, THEREFORE, based on the above findings and evidence, the Planning Commission does hereby:

1. Find the project categorically exempt pursuant to Section 15303 of the guidelines; and
2. Approve a Use Permit to allow a commercial cannabis retailer use at 10665 Merritt Street, Castroville in general conformance with the attached sketch the attached Use Permit application, and subject to the attached conditions all being attached hereto and incorporated herein by reference.

PASSED AND ADOPTED this 10th day of January, 2018 upon motion of _____, seconded by _____, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Jacqueline R. Onciano, Secretary to the Planning Commission

COPY OF THIS DECISION MAILED TO APPLICANT ON

THIS APPLICATION IS APPEALABLE TO THE BOARD OF SUPERVISORS.

IF ANYONE WISHES TO APPEAL THIS DECISION, AN APPEAL FORM MUST BE COMPLETED AND SUBMITTED TO THE CLERK TO THE BOARD ALONG WITH THE APPROPRIATE FILING FEE ON OR BEFORE [DATE]

This decision, if this is the final administrative decision, is subject to judicial review pursuant to California Code of Civil Procedure Sections 1094.5 and 1094.6. Any Petition for Writ of Mandate must be filed with the Court no later than the 90th day following the date on which this decision becomes final.

NOTES

1. You will need a building permit and must comply with the Monterey County Building Ordinance in every respect.

Additionally, the Zoning Ordinance provides that no building permit shall be issued, nor any use conducted, otherwise than in accordance with the conditions and terms of the permit granted or until ten days after the mailing of notice of the granting of the permit by the appropriate authority, or after granting of the permit by the Board of Supervisors in the event of appeal.

Do not start any construction or occupy any building until you have obtained the necessary permits and use clearances from Monterey County RMA-Planning and RMA-Building Services Department office in Salinas.

2. This permit expires 3 years after the above date of granting thereof unless construction or use is started within this period.

Monterey County RMA Planning

DRAFT Conditions of Approval/Implementation Plan/Mitigation Monitoring and Reporting Plan

PLN170093

1. PD001 - SPECIFIC USES ONLY

Responsible Department: RMA-Planning

Condition/Mitigation Monitoring Measure: This Use Permit (PLN170093) allows a commercial cannabis retail use at the site. The property is located at 10665 Merritt Street, Castroville (Assessor's Parcel Number 030-161-008-000), Castroville Community Plan. This permit was approved in accordance with County ordinances and land use regulations subject to the terms and conditions described in the project file. Neither the uses nor the construction allowed by this permit shall commence unless and until all of the conditions of this permit are met to the satisfaction of the Director of RMA - Planning. Any use or construction not in substantial conformance with the terms and conditions of this permit is a violation of County regulations and may result in modification or revocation of this permit and subsequent legal action. No use or construction other than that specified by this permit is allowed unless additional permits are approved by the appropriate authorities. To the extent that the County has delegated any condition compliance or mitigation monitoring to the Monterey County Water Resources Agency, the Water Resources Agency shall provide all information requested by the County and the County shall bear ultimate responsibility to ensure that conditions and mitigation measures are properly fulfilled. (RMA - Planning)

Compliance or Monitoring Action to be Performed: The Owner/Applicant shall adhere to conditions and uses specified in the permit on an ongoing basis unless otherwise stated.

2. PD002 - NOTICE PERMIT APPROVAL

Responsible Department: RMA-Planning

Condition/Mitigation Monitoring Measure: The applicant shall record a Permit Approval Notice. This notice shall state:
"A Use Permit (Resolution Number ***) was approved by the Planning Commission for Assessor's Parcel Number 030-161-008-000 on January 10, 2018. The permit was granted subject to 11 conditions of approval which run with the land. A copy of the permit is on file with Monterey County RMA - Planning."

Proof of recordation of this notice shall be furnished to the Director of RMA - Planning prior to issuance of grading and building permits, Certificates of Compliance, or commencement of use, whichever occurs first and as applicable. (RMA - Planning)

Compliance or Monitoring Action to be Performed: Prior to the issuance of grading and building permits, certificates of compliance, or commencement of use, whichever occurs first and as applicable, the Owner/Applicant shall provide proof of recordation of this notice to the RMA - Planning.

3. PD006(A) - CONDITION COMPLIANCE FEE

Responsible Department: RMA-Planning

Condition/Mitigation Monitoring Measure: The Owner/Applicant shall pay the Condition Compliance fee, as set forth in the fee schedule adopted by the Board of Supervisors, for the staff time required to satisfy conditions of approval. The fee in effect at the time of payment shall be paid prior to clearing any conditions of approval.

Compliance or Monitoring Action to be Performed: Prior to clearance of conditions, the Owner/Applicant shall pay the Condition Compliance fee, as set forth in the fee schedule adopted by the Board of Supervisors.

4. PD029 - HOURS OF OPERATION

Responsible Department: RMA-Planning

Condition/Mitigation Monitoring Measure: Hours of operation shall be 8 A.M. to 8 P.M. seven days a week. (RMA - Planning)

Compliance or Monitoring Action to be Performed: Prior to commencement of use and on an on-going basis, the Owner/Applicant shall demonstrate compliance with the hours of operation to the Director of RMA-Planning.

5. PDSP001 - ANNUAL INSPECTION

Responsible Department: RMA-Planning

Condition/Mitigation Monitoring Measure: The retailer shall allow access to the retailer facilities and records if requested by the County, its officers, or agents, and shall pay an annual inspection and submit to inspections from the County or its officers to verify compliance with all relevant rules, regulations, and conditions.

Compliance or Monitoring Action to be Performed: The retailer shall allow for inspection of the premises and records on an ongoing basis.

6. PDSP002 - INSPECTION OF RECORDS

Responsible Department: Code Enforcement

Condition/Mitigation Monitoring Measure: The applicant, owner, and all permittees agree to submit to, and pay for, inspections of the operations and relevant records for documents necessary to determine compliance with Monterey County Code from any enforcement officer of the County or their designee.

Compliance or Monitoring Action to be Performed: Submit to and pay for inspection on an ongoing basis.

7. PDSP003 - COMMERCIAL CANNABIS PERMIT

Responsible Department: RMA-Planning

Condition/Mitigation Monitoring Measure: Any person operating a cannabis retailer shall obtain a valid and fully executed commercial cannabis permit pursuant to Chapter 7.90 of the Monterey County Code prior to commencing operations and must maintain such permit in good standing in order to continue operations.

Compliance or Monitoring Action to be Performed: Within 90 days, the retailer shall apply for and obtain a Commercial Cannabis Business Permit pursuant to Chapter 7.90 of the Monterey County Code.

The retailer shall comply with the requirements of the Commercial Cannabis Permit and maintain the permits in good standing while in operation on an ongoing basis.

8. PDSP004 - PERMITS, LICENSES, AND ENTITLEMENTS

Responsible Department: RMA-Planning

Condition/Mitigation Monitoring Measure: The owner shall be responsible for ensuring that all commercial cannabis activities at the site operate in good standing with all permits and licenses required by the Monterey County Code and State law. Failure to take appropriate action to evict or otherwise remove permittees and persons conducting commercial cannabis activities at the site who do not maintain permits or licenses in good standing with the County or State shall be grounds for the suspension or revocation of a Use Permit pursuant to Section 21.67.120 of the Monterey County Code.

Compliance or Monitoring Action to be Performed: As needed on an ongoing basis, the owner shall verify that the businesses operating on the site have obtained and maintain all required permits, licenses, and entitlements to operate a cannabis business on the property. If needed the owner shall diligently pursue evicting or removing cannabis operations from the site that have failed to obtain or maintain the required permits.

9. PDSP005 - OPERATIONS

Responsible Department: RMA-Planning

Condition/Mitigation Monitoring Measure: The retailer shall operate only in accordance with the operating plans reviewed and approved by the County.

Compliance or Monitoring Action to be Performed: Maintain operations and procedures approved by the County on an ongoing basis.

10. PDSP006 - FENCE DESIGN

Responsible Department: RMA-Planning

Condition/Mitigation Monitoring Measure: Prior to issuance of a Commercial Cannabis Business Permit, the applicant shall submit a plan for the fence enclosure at the rear of the building to the Resource Management Agency for review and approval. The fence design shall incorporate solid pillars in conformance with fence design requirements of the Castroville Community Plan.

Compliance or Monitoring Action to be Performed: Prior to issuance of a Commercial Cannabis Business Permit, the applicant shall submit a fence design to the Resource Management Agency for review and approval.

11. CC01 INDEMNIFICATION AGREEMENT

Responsible Department: County Counsel

Condition/Mitigation Monitoring Measure: The property owner agrees as a condition and in consideration of approval of this discretionary development permit that it will, pursuant to agreement and/or statutory provisions as applicable, including but not limited to Government Code Section 66474.9, defend, indemnify and hold harmless the County of Monterey or its agents, officers and employees from any claim, action or proceeding against the County or its agents, officers or employees to attack, set aside, void or annul this approval, which action is brought within the time period provided for under law, including but not limited to, Government Code Section 66499.37, as applicable. The property owner will reimburse the County for any court costs and attorney's fees which the County may be required by a court to pay as a result of such action. The County may, at its sole discretion, participate in the defense of such action; but such participation shall not relieve applicant of his/her/its obligations under this condition. An agreement to this effect shall be recorded upon demand of County Counsel or concurrent with the issuance of building permits, use of property, filing of the final map, recordation of the certificates of compliance whichever occurs first and as applicable. The County shall promptly notify the property owner of any such claim, action or proceeding and the County shall cooperate fully in the defense thereof. If the County fails to promptly notify the property owner of any such claim, action or proceeding or fails to cooperate fully in the defense thereof, the property owner shall not thereafter be responsible to defend, indemnify or hold the County harmless. (County Counsel)

Compliance or Monitoring Action to be Performed: Upon demand of County Counsel or concurrent with the issuance of building permits, use of the property, recording of the final/parcel map, or recordation of Certificates of Compliance, whichever occurs first and as applicable, the Owner/Applicant shall submit a signed and notarized Indemnification Agreement to the County Counsel for review and signature by the County.

Proof of recordation of the Indemnification Agreement, as outlined, shall be submitted to the Office of County Counsel.



Planning for Success.

CANNABIS FACILITIES USE PERMIT APPLICATION

HIGHER LEVEL OF CARE

DISPENSARY

PLN 170093

PREPARED FOR

Carl Holm, AICP
Director RMA
County of Monterey
168 W. Alisal Street, 2nd Floor
Salinas, CA 93901

January 3, 2018

EMC PLANNING GROUP INC.
A LAND USE PLANNING & DESIGN FIRM

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APPLICATION

HIGHER LEVEL OF CARE
10665 MERRITT STREET,
CASTROVILLE

Cannabis Facilities Use Permit for Dispensary
PLN 170093

PREPARED FOR
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January 3, 2018

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TABLE OF CONTENTS

CANNABIS DISPENSARY USE PERMIT	1
Project Description.....	1
Applicability	3
Regulations	4
Required Findings Section 21.67.040(C)	6
Additional Conditions	8
Miscellaneous DRC Comments	9

Cannabis Dispensary Use Permit

PROJECT DESCRIPTION

The applicant and owner of Higher Level of Care, Salvatore Palma is currently operating a commercial medical cannabis dispensary at 10665 Merritt Street, Castroville, CA (APN 030-161-008) within unincorporated Monterey County. Monterey County recently approved a Commercial Cannabis ordinance No. 5270 which added Chapter 7.90 and Chapter 7.95 to the Monterey County Code (MCC) establishing permitting requirements for the operation of commercial cannabis facilities. The ordinance mandated that existing dispensaries obtain all required County permits, licenses, and entitlements by the one year mark from the effective date of the Commercial Cannabis ordinance to or operation of the dispensary must be terminated. In order to continue the operation of the Higher Level of Care Dispensary, the applicant must obtain a Use Permit, Commercial Cannabis Permit, and eventually a state license.

A Use Permit, approved by the Planning Commission, is required for all commercial cannabis facilities to operate. The Planning Commission will consider approval of Use Permits and extensions of and amendments to Use Permits. With this Use Permit application submittal, Salvatore Palma seeks review of Higher Level of Care's dispensary operation by the Monterey County Planning staff and Planning Commission's review and approval in accordance with Chapter 21.74 of Title 21 of the (MCC).

Additionally, with this Use Permit application approval, the existing smoke shop, that operates within the same building as the dispensary, will remain in operation as permitted in the Castroville Community Plan dated February 2010, Appendix –B, Development Standards section. (Mixed Use, MU-C – Shops of light commercial character and conducted within a structure)

In addition to a Use Permit, a Commercial Cannabis Permit pursuant to Chapter 7.90 of the MCC shall be required. The applicant has submitted an application for a commercial cannabis permit pursuant to MCC requirements.

Further, upon implementation of the state regulations (estimated time frame of January 1, 2018) pursuant to California Business and Professions Code Section 19320, a valid license

from the State shall be required to operate the dispensary. The owner and all permittees will post on site, in a central location, visible to the patrons, at the operating site, and in all vehicles that deliver or transport marijuana, the Use Permit and all required County and state permits and licenses required to operate.

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. The County shall have the right to examine, monitor and audit such records and documentation, which will be made available to the County upon request. In addition the owner and all permittees will pay all required inspection fees, permit fees, and taxes.

Land Owner

The building housing the dispensary is currently leased by the applicant Salvatore Palma from the land owner Theodore Cominos, 10 W. Alisal Street, Salinas, CA. Attached to this application is the Owner Verification Letter.

Attachment

Owner Verification Letter

Site Plan

Higher Level of Care Dispensary operates in the rear approximately 800 square foot portion of a 1,855 square foot single story, stick frame building with a stucco finish on a 0.07-acre lot. The front of the building has four windows and the rear has two windows. Security bars are provided on the windows and doors when closed for business. See attached exhibit - [Site Photographs](#).

Mike's Smoke Shop has occupied the front approximately 1,000 square feet of this building since April 2016. As shown on [Exhibit A1, Existing Floor Plan](#), contained within this application, Mike's Smoke Shop and Higher Level of Care share an ADA accessible restroom located in the center of the building. A photograph of the smoke shop's interior is provided within this application. See attached exhibit - [Mike's Smoke Shop - Interior](#).

There are two entrances to the building, one at the front facing Merritt St. and one at the rear of the building facing the parking lot. Access into the building for patrons is from the Merritt Street entrance through the Mike's Smoke Shop as shown on [Exhibit A1 – Existing Floor Plan](#) and the Site Photographs graphic, enclosed within this application. The access into the rear of the building is for employees only. Deliveries will be made at the rear entrance of the dispensary by unmarked passenger vehicles, where there are 24 hour security cameras in operation. A secured loading area "sally port", with decorative fencing is proposed by the applicant for an extra layer of security during the delivery process. See attached Fence Style graphic.

The rear 20-space parking lot has an access driveway onto Preston Street. Per Chapter 21.58 of the MCC, seven parking spaces would be required for the dispensary based on the general retail use requirements of one parking space per 250 square feet of net floor area. The 20 shared parking spaces associated with the lease of the 800 square foot portion of the building being used as the dispensary would satisfy these requirements. The dispensary would be required to provide one bicycle parking space and one American's with Disabilities Act (ADA) compliant space based on the existing 20 parking spaces. A bicycle parking bollard will be located at the rear of the building to accommodate parking for one bicycle and one ADA space is already provided in the shared lot. There is also on street parking available for the dispensary and other retail customers. Parking requirements in the Castroville Community Plan suggest spaces be located behind the building. The existing parking lot is located to the rear of the proposed dispensary and therefore meets the intent of the Castroville Community Plan. The parking lot is separated from the adjoining parking lot with a grade change and a chain link privacy fence, preventing cut through traffic.

Building Permit

The California Building Code classifies structures with respect to occupancy by groups. The occupancy Use Group for a dispensary would be Use Group M (Mercantile). Mercantile Group M occupancy includes buildings and structures, or a portion thereof, for the display and sale of merchandise and is accessible to the public. If not already designated at Use Group M, the group designation on the occupancy permit will be change to reflect this use within the building. Proper emergency exiting, ADA access, and bathrooms are all designed and shown on the plans consistent with California Building Code requirements.

APPLICABILITY

Zoning

Per Section 21.67.040 of the MCC, a variety of office and retail uses, including dispensaries, are permitted in the Light Commercial (LC) zoning district. The dispensary is located in the Castroville Community Plan (CP) zoning district and is surrounded on all sides by Castroville Community Plan (CP) zoned property. Within the Community Plan, this project location is designated as Mixed-Use (MU-C). Appropriate uses within this designation include light commercial, retail, office, and non-residential uses. As a retail oriented light commercial use, a dispensary in this location is believed to be consistent with the zoning code and requirements of Section 21.67.040; see attached exhibit - [Zoning Map](#) and attached exhibit-[Castroville Community Plan Land Use Designations](#).

REGULATIONS

Location

Higher Level of Care Dispensary is located on the northeastern side of Merritt Street about mid-block between Preston Street and Speegle Street in the rear portion of an existing building. It is bordered on two sides by buildings containing other commercial uses. As, previously discussed, the front portion of the building in which Higher Level of Care is operating currently houses Mike's Smoke Shop.

The building housing the dispensary is currently leased from the land owner Theodore Cominos, 10 W. Alisal Street, Salinas, CA. Attached to this application is the Owner Verification Letter.

Sensitive Uses / Another Dispensary

The dispensary is not located within 600 feet from a school, public park, or drug recovery facility. The dispensary is not located within 1,500 feet of another dispensary. See attached exhibit – [Location Map](#) and exhibit – [Surrounding Uses](#) (600' Radius)

Record Keeping

Higher Level of Care Dispensary has been, and will continue to, keep accurate records of all business operations and provides such records for inspection consistent with Section 19327 of the California Business and Professions Code.

Security Measures

Higher Level of Care has hired Uretsky Security Company to serve the dispensary. The facility has implemented and maintains security measures to deter and prevent unauthorized entrance into areas containing cannabis or cannabis products in compliance with Section 19334 of the California Business and Professions Code and any rules promulgated by the licensing authority. Security measures include:

- prohibition of individuals from loitering on the premises of the dispensary if they are not engaging in activity expressly related to the operations of the dispensary;
- limited access areas accessible only to authorized dispensary personnel;
- storage of all cannabis and cannabis products in a secured and locked safe room, safe, or vault, and in a manner as to prevent diversion, theft, and loss, except for limited amounts of cannabis and cannabis products used for display purposes, samples or immediate sale;
- security cameras on site; (see floor plan);

- on-site security personnel that meet the requirements and standards contained within Chapter 7.30 of the Monterey County Code. Existing on-site security guard carries a firearm (this will change upon approval of the Use Permit and Commercial Cannabis Permit per Section 21.67.040); and,
- a fenced area near the rear of the building is proposed so loading and unloading of deliveries can be more secure.

Fire Protection

The existing building where Higher Level of Care Dispensary operates currently meets fire code requirements. The applicant will install a sprinkler system that meets the North County Fire Department requirements per DRC comments. Improvements will be made so the building is designed to meet Mercantile (M) occupancy type as designated in the California Building Code for a dispensary use. The fire system will be linked with the other security system within the building. Any mechanically locked doors will be tied to the alarm system with detection devices installed. The building currently contains strobe lights in the building for fire safety and the fire exits are clearly marked. Higher Level of Care will provide the fire department with a code to access the building should the need arise.

The applicant will be in contact with North County Fire Chief Chris Orman, to determine specifics not mentioned above.

Operations

Higher Level of Care Dispensary ensures that all cannabis and cannabis products at the dispensary are cultivated, manufactured, transported, distributed, and tested by licensed and permitted facilities that maintain operations in full conformance with state and local regulations.

Currently, the dispensary hours of operation are from 11 a.m. to 10 p.m., 7 days per week. Per section 21.67.040 – Regulations for commercial cannabis dispensaries, the dispensary shall operate only in accordance with the operating plans reviewed and approved by the County. The County shall limit the hours of operation for a dispensary to begin no earlier than 8:00 a.m. and to end no later than 8:00 p.m. Approximately 10 patients visit the facility per hour.

Sixteen employees currently work for the Higher Level of Care dispensary at 10665 Merritt Street, Castroville. Additional security personnel are contracted to monitor this property.

Goods are delivered to the facility through the rear door of the building where a secure area is provided.

Mike's Smoke Shop hours of operation are from 9 a.m. to 10 p.m., seven days per week. One employee currently works for the Mike's Smoke Shop. Approximately 30 customers visit the facility daily.

Discrepancies, Alteration of Records, Security Breach

Higher Level of Care Dispensary will notify the Monterey County Sheriff's Office and the licensing authority within 24 hours after discovering any of the following:

- significant discrepancies identified during inventory;
- diversion, theft, loss, or any criminal activity involving the dispensary or any agent or employee of the dispensary;
- the loss or unauthorized alteration of records related to cannabis, registered qualifying patients, primary caregivers, or dispensary employees or agents; or
- any other breach of security.

Illegal Drugs

Higher Level of Care Dispensary does not and will not distribute any cannabis or cannabis product unless these products are labeled and in a tamper-evident package in compliance with Section 19347 of the California Business and Professions Code and any additional rules promulgated by the licensing authority.

Higher Level of Care expressly prohibits the possession or delivery of any form of illegal drugs without proper legal authorization and understands that this would be grounds for revocation of their permit.

Higher Level of Care does not have a delivery service (Type 11 or 12 permit), nor will it apply for such a permit. Higher Level of Care will apply for a Type 10A dispensary permit for up to three sites.

Appropriate permits will be obtained from the Environmental Health Bureau since Higher Level of Care sells prepackaged food products from this dispensary location.

REQUIRED FINDINGS SECTION 21.67.040(C)

A Use Permit for a commercial cannabis dispensary shall not be granted by the Appropriate Authority unless all of the following findings are made based on substantial evidence:

1. The dispensary, as proposed, has demonstrated that it can and will comply with all of the requirements of the State and County to operate a commercial cannabis dispensary.

Finding: The dispensary is located in the Castroville Community Plan (CP) zoning district and is surrounded on all sides by Community Plan (CP) zoning. Monterey County's Code has not yet approved the CP zoning district for operation of a dispensary and section 21.67.040 explicitly states cannabis dispensaries shall not be allowed in any other district than Light Commercial (LC) or Heavy Commercial (HC).

The applicant believes the dispensary, located within the Castroville Community plan district, and designated as Mixed-Use (MU-C), meets the intent of the MCC. Within the (CP) district appropriate uses include light commercial, retail, office, and non-residential uses. As a retail oriented light commercial use, the dispensary in this location meets the intent of the zoning code and requirements of Section 21.67.040

2. The dispensary will not be located within six hundred (600) feet from any school, public park, or drug recovery facility, or within one thousand five hundred (1,500) feet of another dispensary.

Finding: The dispensary is not located within six hundred (600) feet from any school, public park, or drug recovery facility, or within one thousand five hundred (1,500) feet of another dispensary. Therefore this finding can be met with a dispensary in this location.

3. The dispensary, as approved and conditioned, will not result in significant unavoidable impacts on the environment.

Finding: The dispensary if approved in this location will not result in significant unavoidable impacts on the environment. This use replaces an existing retail use in this location and its operation will not involve the use of fertilizers, chemicals for other elements that will have an impact of 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 effects of loitering, providing adequate security measures, and not exceeding the Use Permit's limits on hours of operation.

Finding: The dispensary operates within a building that prevents odor from being detected offsite. The dispensary specifically prohibits loitering and provides on-site signage and security to minimize loitering that may be a nuisance to the surrounding neighborhood. Security measures include an unarmed guard on-site at all time, cameras, gated windows, limited access to portions of the building containing stored cannabis products, storage of all cannabis and cannabis products within a secured and locked safe room, safe or vault, and operational hours not to exceed 8:00 a.m. to 8 p.m. as stated in Section 21.67.040 (D) (6) of the MCC.

5. The dispensary will provide adequate measures that address the federal enforcement priorities 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 cannabis and cannabis products are supplied from permitted and licensed sources.

Finding: Higher Level of Care dispensary adequately addresses the federal enforcement priorities for cannabis activities including restricting access to minors, discouraging drugged

driving, prohibiting security personnel from carrying a lethal weapon, and ensures that all cannabis and cannabis products at the dispensary are cultivated, manufactured, transported, distributed, and tested by licensed and permitted facilities that maintain operations in full conformance with state and local regulations. In addition, as noted above Higher Level of Care Dispensary will notify the Monterey County Sheriff's Office and the licensing authority within 24 hours after discovering any breach in security.

ADDITIONAL CONDITIONS

In addition to any other required conditions and mitigation measures approved by the Appropriate Authority, all of the following conditions shall apply to all permits for a cannabis dispensary:

1. The cannabis dispensary shall allow access to dispensary facilities and records if requested by the County, its officers, or agents, and shall pay for an annual inspection and submit to inspections from the County or its officers to verify compliance with all relevant rules, regulations, and conditions.

Action: Access will be provided to the dispensary facility for county officers or agents, between the hours of 8 a.m. and 8 p.m. All records will be available for review by the County, its officers, or agents and Higher Level of Care will pay the annual inspection fees.

2. The applicant, owner, and all permittees agree to submit to, and pay for, inspections of the operations and relevant records or documents necessary to determine compliance with this Chapter from any enforcement officer of the County or their designee.

Action: The applicant, owner and all permittees will submit to and pay for inspections of the operation to determine compliance with the Monterey County Code.

3. The applicant for the dispensary facility and property owner shall indemnify, defend, and hold the County harmless from any and all claims and proceedings relating to the approval of the permit or relating to any damage to property or persons stemming from the commercial cannabis activity.

Action: The applicant and property owner will indemnify, defend, and hold the County harmless from any and all claims and proceedings relating to the approval of the permit or any damage to property or persons stemming from the commercial cannabis activity.

4. Any person operating a cannabis dispensary shall obtain a valid and fully executed commercial cannabis permit pursuant to Chapter 7.90 of the Monterey County Code prior to commencing operations and must maintain such permit in good standing in order to continue operations.

Action: The operator of the cannabis dispensary will obtain a valid and fully executed commercial cannabis permit prior to commencing operations and will maintain the permit in good standing in order to continue operations.

5. The owner shall be responsible for ensuring that all commercial cannabis activities at the site operate in good standing with all permits and licenses required by the Monterey County Code and State law. Failure to take appropriate action to evict or otherwise remove permittees and persons conducting commercial cannabis activities at the site who do not maintain permits or licenses in good standing with the County or State shall be grounds for the suspension or revocation of a Use Permit pursuant to Section 21.67.120 of the Monterey County Code.

Action: The owner/ operator will ensure that all commercial cannabis activities at the site operate in good standing with all permits and licenses required by the Monterey County Code and State law. Permittees and persons conducting commercial cannabis activities at the site who do not maintain permits or licenses in good standing with the County or State will be evicted or removed from the premises.6. The dispensary shall operate only in accordance with the operating plans reviewed and approved by the County. The County shall limit the hours of operation for a dispensary to begin no earlier than 8:00 a.m. and to end no later than 8:00 p.m.

Action: The dispensary will operate in accordance with the operation plans reviewed and approved by the County and limit the hours of operation to 8:00 a.m. to 8 p.m.

MISCELLANEOUS DRC COMMENTS

Public Works

The applicant will not be adding intensification of use to the site and will not be required to provide a new traffic study.

Environmental Health Bureau

Per direction from Environmental Health Review Services personnel, Jeff Treffry, a Can and Will Serve letter from the Castroville Community Services District is not necessary as they are currently servicing this facility. The trash enclosure location has been identified on the site plan.

The applicant will apply for a Retail Food Facility permit to sell prepackaged food at this facility.

Recycling and Solid waste is handled by Waste Management and they currently pick up trash and recycling at this facility. The applicant does not propose changes to the site plan that would affect the waste management.

Does the proposed project include any:

1. Potential changes to neighborhood design, including street safety (e.g., walkability or bike-ability, social gathering options, street lighting, crosswalks, pedestrian and traffic signals, transit options, open space and trail connections, tobacco and alcohol retail outlets, food availability) **No**
2. Construction that affects healthy infrastructure (e.g., agriculture, community gardens, mixed use, indoor air quality) **No**
3. Development that relate to increased or decreased of affordable, quality housing. **No**
4. Sustainable building opportunities (e.g. landscaping for storm water collection, community water infrastructure serviced, green building, reduced footprint) **No**
5. Construction that may affect sensitive receptors such as schools, occupied dwellings, residential care facilities (e.g., projects that produce continuous noise, major soil disturbance and dust production, buffer zones for industrial or transportation corridors) **No**

Water Resources Agency

FEMA Special Flood Hazard Area (SFHA): This project site is not in the FEMA SFHA and no additional flood hazard related information is required.

Long-Term Sustainable Water Supply: This project is located in Zone 2C, no additional hydro geologic information is required.

Sheriff's Office

A security plan is included in this application. Lockable safe and storage areas are show on the floor plan and a secured delivery area is shown on the site plan, see attached exhibits.

Agricultural Commissioner

This facility will not be using any pesticides/fertilizers that would cause the facility to obtain an Operation ID from the Agricultural Commissioners Office.

The scales used at the dispensary have been inspected and certified by the Ag Commissioners weights and measures program and all products will be packaged and labeled in accordance with Monterey County Code and State Law.

See attachment

Certificate of Registration
Food Permit Application

RMA Planning

Please see description above for uses and operations proposed at the site.

Public Work and Facilities

Chad Alinio, P.E. suggested we contact Caltrans for any improvements required. Caltrans, Peter Hendricks was contacted on May 11, 2017 and stated no improvements would be needed for the existing facility unless any new encroachments were proposed such as signage which extended from the building into the right-of-way.

Code Compliance, Environmental Services, and Economic Development

These departments had no comments.

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ANALYSIS OF CONSISTENCY WITH MONTEREY COUNTY MUNICIPAL CODE CHAPTER 21.67 AND CHAPTER 7.90

Monterey County Municipal Code Chapter 21.67 and 7.90 Regulations

Municipal Code Regulations (MCMC)	Project Conformity
<p>Regulatory Permit (MCMC 21.67.030 A - G).</p> <p>A. A Use Permit shall be required for all commercial cannabis activities. The application for a Use Permit, and for amendments thereto and extensions thereof, shall be processed in accordance with Chapter 21.74 of Title 21.</p> <p>B. In addition to a Use Permit, a commercial cannabis permit pursuant to Chapter 7.90 of the Monterey County Code shall be required for all commercial cannabis activities.</p> <p>C. Upon implementation of state regulations pursuant to California Business and Professions Code Section 19320, a valid license from the State shall be required to operate any commercial cannabis activity.</p> <p>D. The owner shall post or cause to be posted on site the Use Permit and all required County and state permits and licenses required to operate. Such posting shall be in a central location, visible to the patrons, at the operating site, and in all vehicles that deliver or transport marijuana.</p> <p>E. The owner and all permittees shall maintain clear and adequate records and documentation demonstrating that all cannabis or cannabis products have been obtained from and are provided to other permitted and licensed cannabis operations.</p>	<p>Conforms. The applicant has submitted an application for a use permit for a cannabis dispensary according to the conditions set forth in Chapter 21.67.040.</p> <p>The applicant will apply for a commercial cannabis permit pursuant to Chapter 7.90 as require.</p> <p>The applicant will apply for a license from the State once the California Business and Professions Code Section 19320 licensing regulations are implemented.</p> <p>The applicant will post in a central location, visible to the patrons, at the operating site, the Use Permit issued from the County and state permits and licenses required to operate.</p> <p>The applicant will maintain clear and adequate records and documentation demonstrating that all cannabis or cannabis products have been obtained from and are provided to other permitted and licensed cannabis operations and shall grant access to these records to the County upon request.</p> <p>The applicant will conduct commercial</p>

Municipal Code Regulations (MCMC)	Project Conformity
<p>The County shall have the right to examine, monitor, and audit such records and documentation, which shall be made available to the County upon request.</p> <p>F. The owner and all permittees shall conduct commercial cannabis activities in compliance with all required County permits, state licenses, County regulation, and state law and regulation. The owner shall be responsible for the payment of all required inspection fees, permit fees, and taxes.</p>	<p>cannabis activities in compliance with all required County permits, state licenses, County regulation, and state law and regulation and pay all fees and taxes as set forth in the MCMC.</p>
<p>Regulation for Dispensary (MCMC 21.67.040. B.1-5, 7-10).</p> <ol style="list-style-type: none"> 1. Dispensaries shall be located only in zoning districts that specifically provide for this use. 2. Dispensaries shall not be located within six hundred (600) feet from any school, public park, or a drug recovery facility. 3. Dispensaries shall not be located within one thousand five hundred (1,500) feet of another dispensary. 4. Dispensaries shall keep accurate records of all business operations and provide such records for inspection consistent with Section 19327 of the California Business and Professions Code. 5. Dispensaries shall implement and maintain sufficient security measures to both deter and prevent unauthorized entrance into areas containing cannabis or cannabis products in compliance with Section 19334 of the California Business and Professions Code and any rules promulgated by the licensing authority. 	<p>Conforms, but requires County Approval.</p> <p>The dispensary is located in zone (CP) of the Castroville Community Plan zone is consistent with the Light Commercial (LC) zoning district which allows dispensaries.</p> <p>The existing facility is not within six hundred (600) feet from any school, public park, or a drug recovery facility.</p> <p>The existing facility is not located within one thousand five hundred (1,500) feet of another dispensary.</p> <p>The dispensary has been and will continue to keep accurate records for inspection consistent with Section 19327 of the California Business and Professions Code.</p> <p>The applicant will provide security measures to both deter and prevent unauthorized entrance into areas containing cannabis or cannabis products in compliance with Section 19334 of the</p>

Municipal Code Regulations (MCMC)	Project Conformity
<p>7. Dispensaries shall ensure that all cannabis and cannabis products at the dispensary are cultivated, manufactured, transported, distributed, and tested by licensed and permitted facilities that maintain operations in full conformance with state and local regulations.</p> <p>8. Dispensaries shall not distribute any medical cannabis or medical cannabis product unless the medical cannabis and medical cannabis products are labeled and in a tamper-evident package in compliance with Section 19347 of the California Business and Professions Code and any additional rules promulgated by the licensing authority.</p> <p>9. Dispensaries shall notify the Monterey County Sheriff's Office and the licensing authority within twenty-four (24) hours after discovering any of the following:</p> <ul style="list-style-type: none"> a. Significant discrepancies identified during inventory; b. Diversion, theft, loss, or any criminal activity involving the dispensary or any agent or employee of the dispensary; c. The loss or unauthorized alteration of records related to cannabis, registered qualifying patients, primary caregivers, or dispensary employees or agents; or d. Any other breach of security. <p>10. Possession or delivery of any other form of illegal drugs without proper legal authorization shall be grounds for revocation of permits.</p>	<p>California Business and Professions Code, including the following:</p> <ul style="list-style-type: none"> a. Prevent individuals from loitering on the premises of the dispensary if they are not engaging in activity expressly related to the operations of the dispensary; b. Establish limited access areas accessible only to authorized dispensary personnel; c. Store all cannabis and cannabis products in a secured and locked safe room, safe, or vault, and in a manner as to prevent diversion, theft, and loss, except for limited amounts of cannabis and cannabis products used for display purposes, samples or immediate sale; d. Install security cameras on site; and e. Provide for on-site security personnel meeting the requirements and standards contained within Chapter 7.30 of the Monterey County Code. On-site security shall not carry firearms or other lethal weapons. <p>The dispensary ensures that all cannabis products are cultivated, manufactured, transported, distributed, and tested by licensed and permitted facilities that maintain operations in full conformance with state and local regulations.</p> <p>The dispensary will not distribute any medical cannabis or medical cannabis</p>

Municipal Code Regulations (MCMC)	Project Conformity
	<p>product unless the medical cannabis and medical cannabis products are labeled and in a tamper-evident package in compliance with Section 19347 of the California Business and Professions Code and any additional rules promulgated by the licensing authority.</p> <p>The applicant shall notify the Monterey County Sheriff's Office and the licensing authority within twenty-four (24) hours after discovering and of the following:</p> <ul style="list-style-type: none"> a. Significant discrepancies identified during inventory; b. Diversion, theft, loss, or any criminal activity involving the dispensary or any agent or employee of the dispensary; c. The loss or unauthorized alteration of records related to cannabis, registered qualifying patients, primary caregivers, or dispensary employees or agents; or d. Any other breach of security. <p>The applicant will not possess or deliver any other form of illegal drugs without proper legal authorization.</p>
<p>Additional Conditions (MCMC 21.67040.D.1-6)</p> <p>1. The cannabis dispensary shall allow access to dispensary facilities and records if requested by the County, its officers, or agents, and shall pay for an annual inspection and submit to inspections from the County or</p>	<p>The dispensary will allow access to all records if requested by the County, its officers, or agents, and shall pay for an annual inspection and submit to inspections from the County or its officers to verify compliance with all relevant</p>

Municipal Code Regulations (MCMC)	Project Conformity
<p>its officers to verify compliance with all relevant rules, regulations, and conditions.</p> <p>2. The applicant, owner, and all permittees agree to submit to, and pay for, inspections of the operations and relevant records or documents necessary to determine compliance with this Chapter from any enforcement officer of the County or their designee.</p> <p>3. The applicant for the dispensary facility and property owner shall indemnify, defend, and hold the County harmless from any and all claims and proceedings relating to the approval of the permit or relating to any damage to property or persons stemming from the commercial cannabis activity.</p> <p>4. Any person operating a cannabis dispensary shall obtain a valid and fully executed commercial cannabis permit pursuant to Chapter 7.90 of the Monterey County Code prior to commencing operations and must maintain such permit in good standing in order to continue operations.</p> <p>5. The owner shall be responsible for ensuring that all commercial cannabis activities at the site operate in good standing with all permits and licenses required by the Monterey County Code and State law. Failure to take appropriate action to evict or otherwise remove permittees and persons conducting commercial cannabis activities at the site who do not maintain permits or licenses in good standing with the County or</p>	<p>rules, regulations, and conditions.</p> <p>The applicant and permittees agree to pay for inspections from any enforcement officer of the County or their designee in compliance with chapter 21.67.</p> <p>The applicant and property owner will indemnify, defend, and hold the County harmless from any and all claims and proceedings relating to the approval of the permit or relating to any damage to property or persons stemming from the commercial cannabis activity.</p> <p>The applicant will obtain a commercial cannabis permit pursuant to Chapter 7.90 of the MCMC.</p> <p>The owner will ensure all commercial cannabis activities at the dispensary operate in good standing with all permits and licenses required by the Monterey County Code and State law.</p> <p>The dispensary shall limit the hours of operation for a dispensary to begin no earlier than 8:00 AM and to end no later than 8:00 PM and operate according to the operation plans approved by the County of Monterey.</p>

Municipal Code Regulations (MCMC)	Project Conformity
<p>State shall be grounds for the suspension or revocation of a Use Permit pursuant to Section 21.67.120 of the Monterey County Code.</p> <p>6. The dispensary shall operate only in accordance with the operating plans reviewed and approved by the County. The County shall limit the hours of operation for a dispensary to begin no earlier than 8:00 a.m. and to end no later than 8:00 p.m.</p>	
<p>Fees and charges (MCMC 7.90.080). The filing of an application for a commercial cannabis permit, for renewal of a commercial cannabis permit, and appeals shall be accompanied by payment of such fees as the Board of Supervisors may establish to recover the cost of administration of this Chapter. Permit applicants and permittees are responsible for the costs of inspections, investigations, and any other fee-associated activity established pursuant to this Chapter. Fees, fines, and costs specified by this Chapter shall be as established by the Board of Supervisors and as set forth in the Monterey County Fee Resolution, pursuant to Chapter 1.40 of the Monterey County Code, as amended from time to time.</p>	<p>Conforms. As part of obtaining all required County permits, licenses, and entitlements of the cannabis dispensary, all fees will be paid as set forth if the fee schedule established by the Board of Supervisors and as set forth in the Monterey County Fee Resolution, pursuant to Chapter 1.40 of the Monterey County Code, as amended from time to time.</p>
<p>Signage (MCMC 21.67.100.D.12). An operations plan including at a minimum, the following information: Size, height, colors, and design of any proposed signage at the site;</p>	<p>Conforms. The exterior signage for the dispensary will be in conformance with regulations set forth in Chapter 21.67 and 21.60 of the MCMC.</p>

Municipal Code Regulations (MCMC)	Project Conformity
<p>Safety and Security (MCMC 7.90.100.12).</p> <p>Each permittee shall be responsible and liable for safety and security in and around the commercial cannabis operation, and shall provide adequate security on the premises, including lighting and alarms, to insure the safety of persons and to protect the premises from theft and other crimes. Each permittee shall install and maintain in proper working order, video monitoring equipment capable of providing surveillance of both interior and exterior areas of the permitted establishment. Each permittee shall maintain such surveillance video tapes for a period of at least thirty (30) days and shall make such videotapes available to the County upon demand.</p>	<p>Conforms. The cannabis facility will develop a safety and security plan according to County standards to be reviewed and approved by the County. Since the existing dispensary is located within an existing retail building and currently has safety and security measures in place, the project will utilize the existing lighting infrastructure and will make any feasible improvements as necessary to meet additional County standards.</p>
<p>Records (MCMC 7.90.100.11). Each permittee shall keep accurate records of its commercial cannabis activities pursuant to the requirements of Section 19327 of the California Business and Professions Code, as it may be amended.</p>	<p>Conforms. Per Section 19327 of the California Business and Professions Code.</p> <p>The dispensary shall keep accurate records of commercial cannabis activity.</p> <p>The applicant understands the bureau may examine the books and records of a licensee and inspect the premises of a licensee as the licensing authority or a state or local agency deems necessary to perform its duties under this chapter.</p> <p>All inspections shall be conducted during standard business hours of the licensed facility or at any other reasonable time.</p> <p>All books, records, and accounts,</p>

Municipal Code Regulations (MCMC)	Project Conformity
	including those related to membership, will be maintained in compliance with applicable laws and regulations for a minimum of seven years.
<p>Community Relations (MCMC 7.90.100 14).</p> <p>Each permittee shall provide the Appropriate Authority with the name, telephone number, facsimile number, and e-mail address of a community relations contact to whom the public can provide notice of problems associated with the commercial cannabis operation. The permittee shall make a good faith effort to resolve problems without the need for intervention by the County.</p>	<p>Conforms. The cannabis dispensary will provide the Appropriate Authority with the name, telephone number, facsimile number, and e-mail address of a community relations contact to whom the public can provide notice of problems associated with the commercial cannabis operation</p>
<p>Community Relations (MCMC 21.67.040 C. 3-5).</p> <p>3. The dispensary, as approved and conditioned, will not result in significant unavoidable impacts on the environment.</p> <p>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 effects of loitering, providing adequate security measures, and not exceeding the Use Permit's limits on hours of operation.</p> <p>5. The dispensary will provide adequate measures that address the federal enforcement priorities for cannabis activities including providing for restrictions on drugged driving, restricting access to minors,</p>	<p>Conforms. The dispensary is located in an existing retail building and to the extent feasible operations in that facility and property will not result in significant unavoidable impacts on the environment.</p> <p>The applicant will include 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 effects of loitering, providing adequate security measures, and not exceeding the Use Permit's limits on hours of operation.</p> <p>The dispensary will provide adequate measures that address the federal enforcement priorities for cannabis</p>

Municipal Code Regulations (MCMC)	Project Conformity
prohibiting use or possession of firearms for security purposes at the premises, and ensuring that cannabis and cannabis products are supplied from permitted and licensed sources.	activities as set forth in chapter 21.67.040.C.5.

Source: Monterey County Municipal Code, Monterey County GIS mapping, Existing Floor Plan, Jimmy Mondala, 1.11.2017, Existing Dispensary

January 18, 2017

To Whom It May Concern:

RED QLLC by [signature] TRUST

The undersigned, Theodore H. Cominos, Gary Quattrin and Judy Quattrin, the owners of real property located at 10665 Merritt St., Castroville, California ("the property"), hereby grant Higher Level of Care permission to apply for and process a Commercial Medical Cannabis Permit, under and pursuant to Monterey County Code Section 7.90, for the property. Please feel free to contact the undersigned if you have any questions.

[Signature of Theodore H. Cominos]

Theodore H. Cominos

[Signature of Gary Quattrin]

Gary Quattrin

[Signature of Judy Quattrin]

Judy Quattrin

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

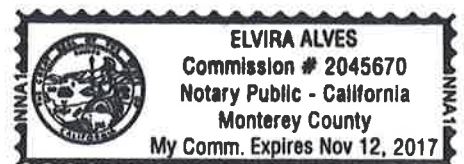
State of California)
) ss.
County of ~~Monterey~~ Monterey EA)

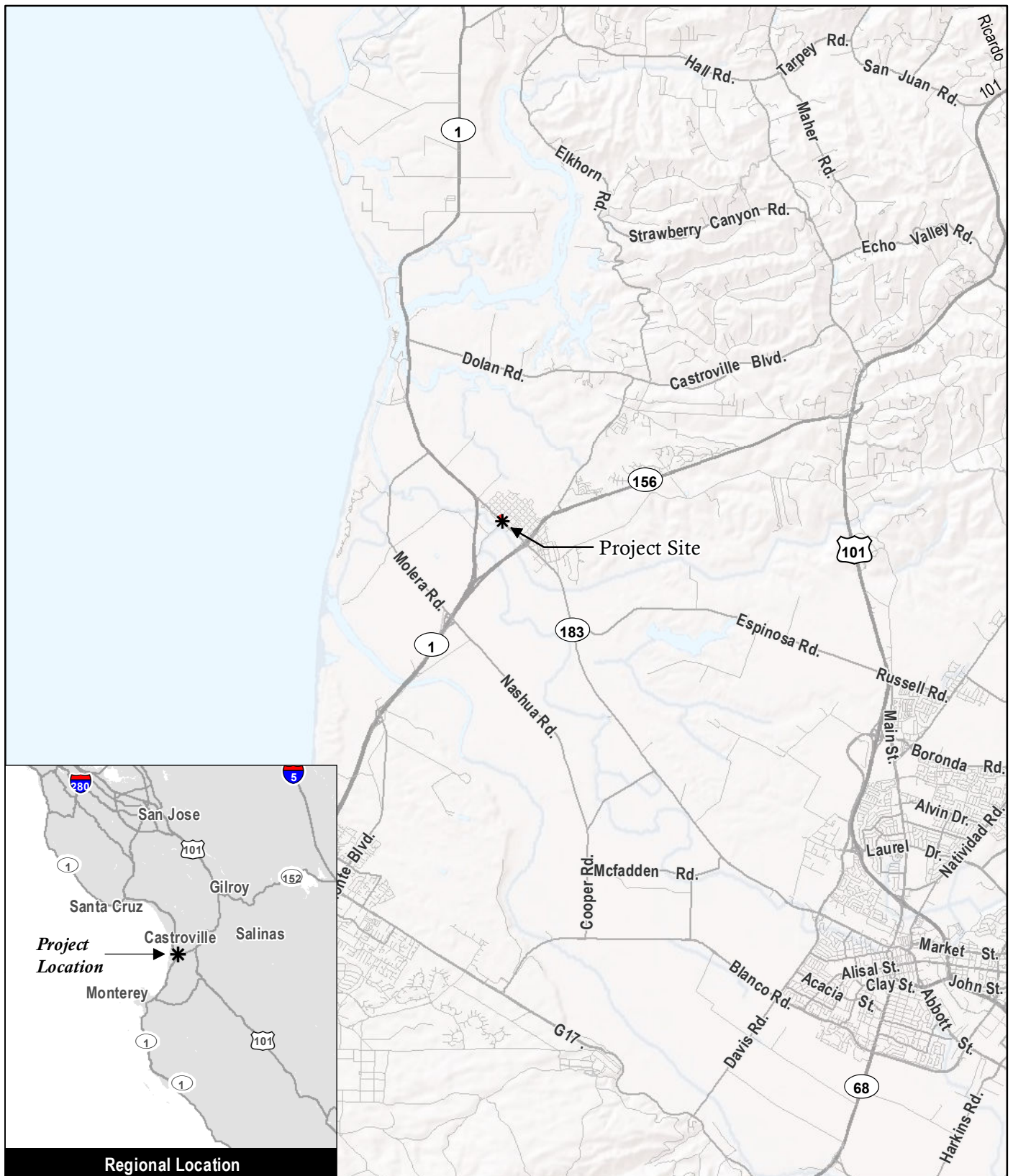
On January 30, 2017 before me, Elvira Alves, personally appeared Theodore H. Cominos who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity(ies), and that by his signature on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Elvira Alves (Seal)
Elvira Alves, Notary Public





Source: Esri 2016

Figure 1

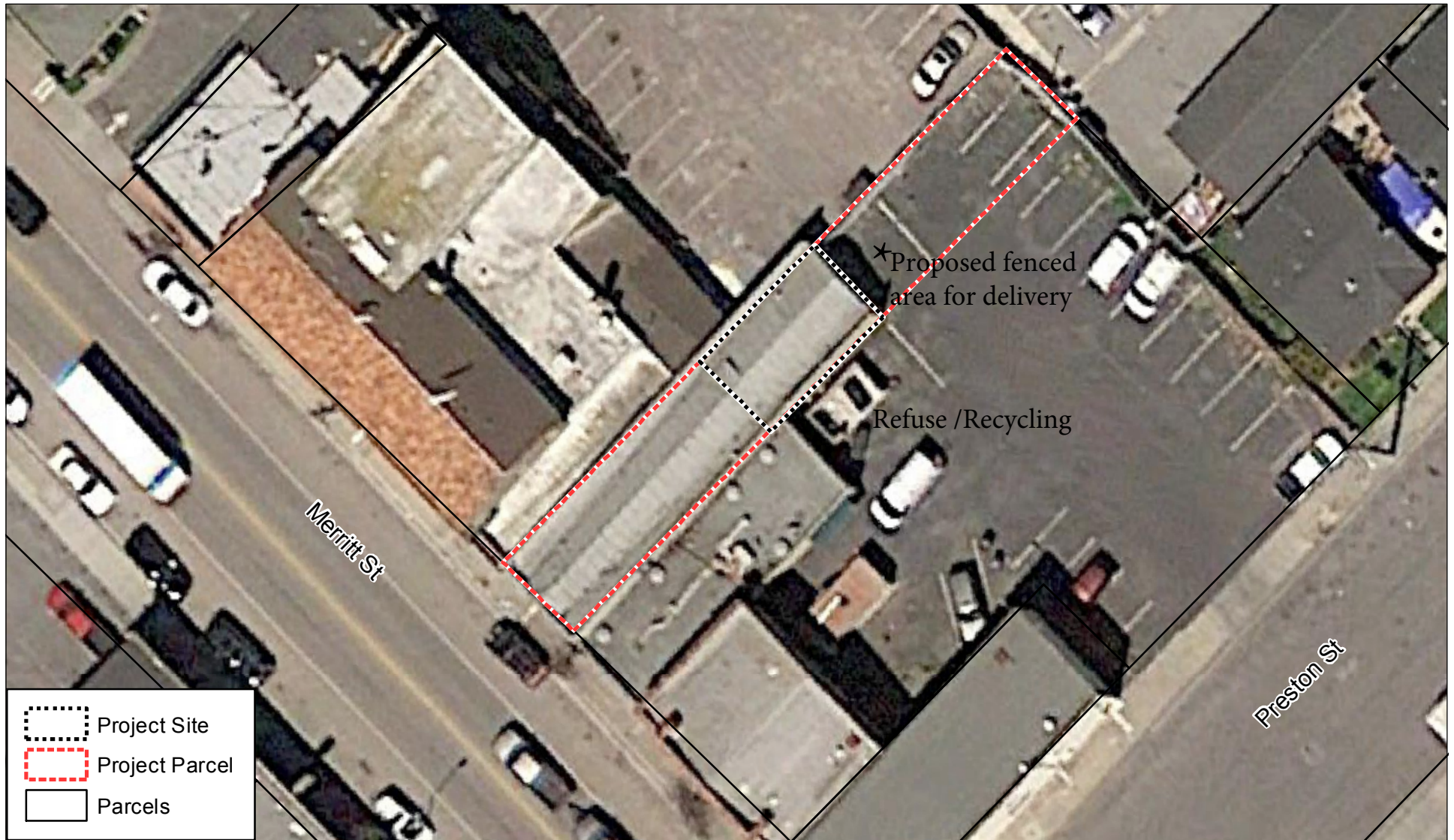
Location Map

Higher Level of Care - Dispensary



0 2 mile





0 30 feet

Site Data

APN: 030-161-008-000

Zoning: CP Castroville
Community Plan

Building Coverage: 1,855 sf
Dispensary: 800 sf
Other Retail: 1,055 sf
Building Height: 1 story

Parking Provided: 20 spaces

Loading: NA

Parcel Acreage: 0.4 ac

(Dispensary 21% coverage)

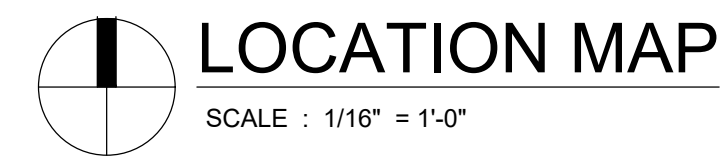
Land Use: Light Commercial

Source: Esri 2016, Monterey
County GIS 2016



Figure 6
Site Plan

Higher Level of Care - Dispensary

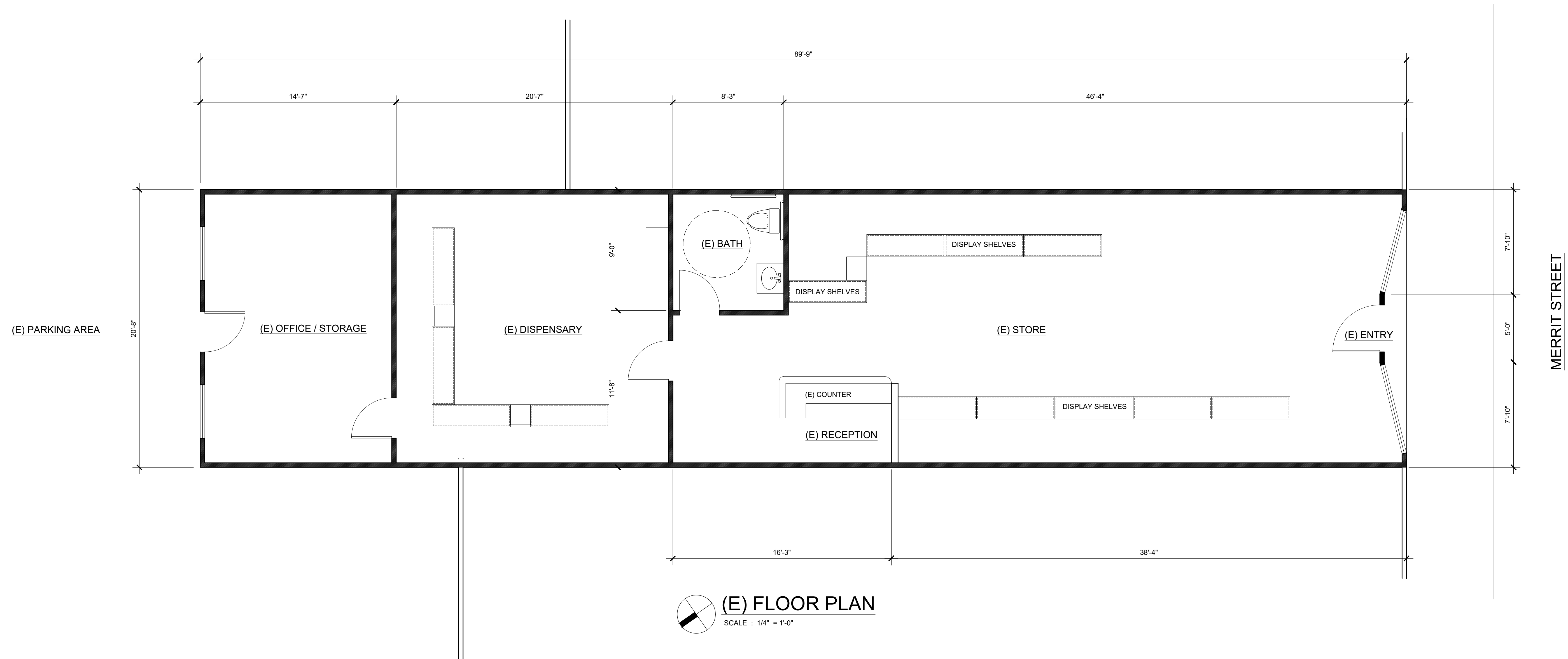


APPLICANT: SALVATORE PALMA
10665 MERRITT STREET
CASTROVILLE, CA 95012
(310) 261-4809
spalma.pbs@gmail.com

915 PALOMA STREET, DEL REY OAKS CA 93940
(831) 521-7658 jimondala@yahoo.com

DATE:	1/11/17
SCALE:	AS NOTED
DWG. BY:	JMONDALA
DOB No.	
REV:	

A1

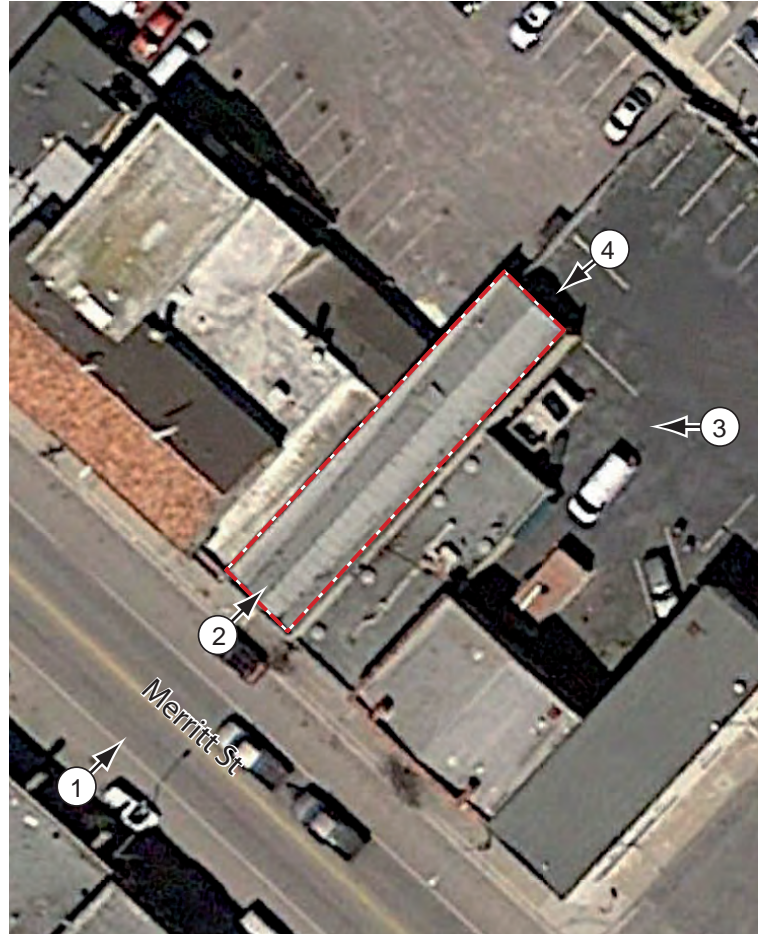




① View from across Merritt Street



② View of building entrance along Merritt Street



 Project Site

Source: Google Earth 2016
Photographs: Higher Level of Care 2016



③ View of rear side of building facing west



④ View of rear building entrance

DISPENSARY OPERATIONS PLAN

This is the written Dispensary Operations Plan for HIGHER LEVEL OF CARE (hereinafter sometimes referred to as "We", "Us", "Our", or "Facility"). This plan addresses and meets the Requirements of Chapter 21.67 and 7.90 of the County of Monterey (hereinafter sometimes referred to as "County") Commercial Cannabis Activities Ordinance ("Commercial Cannabis Activities Ordinance"). The Facility will comply, as applicable with the Commercial Cannabis Activities Ordinance.

INTRODUCTION

The Facility is a not-for-profit dispensary organized as a non-profit mutual benefit corporation under the laws of State of California. **The not-for-profit status will change in the future if/when allowed by state law.** The purpose of the Facility includes the procurement and resale of Medical and Adult-Use Cannabis to end users, as lawfully permitted under the laws of the State of California. The Facility is committed to the highest ethical standards, customer safety and transparency in our operations and business practices.

The key objectives of the Facility are to:

Promote the betterment of and enhance the development of physical, mental, and emotional fitness of its customers;

Find solutions for, share knowledge of, and furnish assistance for the health problems of its customers, and acquire the skills necessary to administer Cannabis for Medical and Adult-Use purposes to qualified customers as lawfully permitted under the laws of the State of California;

Provide safe and legal access to Cannabis for all qualified customers;

Reduce the barriers and improve access to Cannabis and its potential benefits.

IMPLEMENTATION STRATEGY

The Facility will use a community-driven, Customer-Centered (CC) approach that will benefit customers, including operating in a way that makes quality, affordable Cannabis available to underserved minority, low-income and indigent populations. This complex commitment dictates the features of our implementation strategy:

- Customer-Centered;
- A skilled and knowledgeable staff;
- A professional clinical setting;
- Product variety;
- Quality control;
- Support Services;
- Community outreach

The crucial element of our CC approach will be communicating with our customers in terms they are comfortable with and comprehend. This requires that our staff be well trained, comfortable with diversity, and competent to interact appropriately with individuals with different levels of "Cannabis literacy." As a "socio-culturally competent" Facility, Higher Level of Care will educate and empower its customers so that they share responsibility for their own healthcare decision-making and healthy lifestyle choices.

Our CC-focused dispensary will provide:

DISPENSARY OPERATIONS PLAN

- A welcoming environment;
- Respect for customers' values and expressed needs;
- Customer- Empowerment;
- Socio-cultural competent staff;
- Emphasis on customer comfort and support; and
- Community outreach and collaboration.

Our staff, Facility, and operations will prioritize the safe and careful implementation of the Cannabis laws of the State of California, including MAUCRSA, as well as further regulate the safe and lawful dispensing of Cannabis to all customers, in a manner consistent with all applicable laws.

Our staff, Facility, and operations will maintain a holistic focus offering support services with emphases falling on pain management, avoiding unhealthy behaviors, lifestyle change, improving physical conditioning, adopting better nutritional practices, reducing stress, and taking advantage of the profound mental health benefits that customers can derive from interpersonal support such as counseling, group sessions, and community activities with likeminded individuals.

It is crucial to our implementation strategy that we are not simply a Cannabis dispensary. Our focus is on overall health and wellness.

The compassionate cause of Cannabis is ill served by reminders of the counterculture or association with the image or ethos of the "stoner." Our atmosphere will be designed to move Cannabis away from any association with the counterculture and will focus attention on its scientific and medical legitimacy. In keeping with this, our Facility will maintain the professional look and feel of a medical services clinic, and the fact that our products are scientifically cultivated and tested will be the key element in our strategy on which we will continue to build public awareness of our "brand."

Variety of Products

Different strains of Cannabis have different therapeutic and palliative effects, some offering relief for a given condition more than others. Furthermore, customers with serious medical conditions, such as those with a wasting syndrome or undergoing chemotherapy for cancer, can have very specific tolerances, intolerances, and idiopathic reactions to medication. In order to offer customers customized and scientifically precise options, it is critical that we provide as wide a variety of products, including strains of Cannabis and as great a variety of delivery methods as possible.

Skilled and Knowledgeable Staff

Without a skilled and knowledgeable staff, our product diversity and CC approach would be of little benefit to most customers. A crucial feature of our strategy is the extensive training that our staff will undergo to be able to advise customers on such things as specific effects and side effects of various strains or delivery methods, their benefits for specific conditions, and their interactions with other medications, as well as with drugs and alcohol.

Providing customers with types of information not generally known conforms with our overall strategy of offering something that does not replace traditional health care, but complements it by providing something critically lacking. The need for complementary care is particularly evident in the case of Cannabis because physicians typically recommend only that the patient use it, without specifying a strain or delivery method. This creates information deficit and education needs that our approach is designed to address. Because many dispensaries do not take this need seriously, our educational approach quickly distinguishes our "brand."

DISPENSARY OPERATIONS PLAN

ORGANIZATION

Nonprofit Status

The Facility is currently a nonprofit collective organized as a mutual benefit corporation under the State of California, Non-Profit Mutual Benefit Corporation Law. **The nonprofit status and incorporation type of the Facility will likely change when allowed to do so by the implementation of MAUCRSA in 2018.**

Our business model is dictated by two constraints: (1) the legal conditions placed by state and local governments on the operation of Cannabis dispensaries and (2) the commitments specific to our mission.

Organizational Compliance:

In organizing the Facility, we have made efforts to prevent Cannabis diversions, and to comply with all applicable laws, including state and local laws.

To ensure lawful operation, The Facility will:

- Operate as a nonprofit (until such time that we are legally allowed to do otherwise);
- Require membership application and physician recommendation verification for all Medical Cannabis customers;
- Validate that all Adult-Use customers are over the age of twenty-one (21);
- Acquire, possess, and dispense only lawfully cultivated Cannabis;
- Acquire, possess, and dispense only lawfully manufactured Cannabis derived products;
- Not dispense and/or sell Cannabis to unqualified customers;
- Ensure that all Cannabis and Cannabis derived products meet the State of California lab testing and packaging standards prior to being dispensed;
- Provide adequate security to ensure customer safety and prevent the negative impact of any nuisance to surrounding homes and businesses;
- Keep accurate records;
- Comply with all possession and track-and-trace requirements;
- Obtain necessary business licenses/permits' and pay required sales taxes and County fees.

Transparency and Oversight

To ensure transparency of the operation, including easy verification that the Facility is operating within the limits set forth by state and local law, we will enforce strict oversight procedures regarding facility access, operations, and documentation of legal compliance.

The Facility will verify that all Medical Cannabis customers are over the age of eighteen (18) and have a valid Medical Cannabis recommendation from a licensed California physician. The Facility will verify that all Adult-Use customers are over the age of twenty-one (21). Age verification will be confirmed by third-party security staff through the use of an IDvisor Smart ID Scanner (See 'Security Plan' for additional information and specifications) prior to all customers entering the Facility. Age verification will be dually confirmed by the Facility's front desk staff. Additional oversight will include, but not be limited to, the following:

DISPENSARY OPERATIONS PLAN

- Cannabis will only be distributed at the dispensary site. The dispensary will not engage in the delivery of Cannabis.
- All customers must have a valid, government-issued photo ID.
- The purchasing privileges of those individuals caught diverting Cannabis for illegal means will be revoked. The Facility will not dispense cannabis to anyone whose purchasing privileges have been revoked.
- Agents for the County of Monterey shall be granted unfettered access to the Facility's video surveillance system and all historical footage upon request.
- Agents for the County of Monterey shall be granted unfettered access to the Facility's Point-of-Sale system and all historical data and reports upon request.

The following will be posted on the Facility's premises in a prominent place, readily viewable by any member of the general public:

- A copy of the Facility's business permit issued by the county;
- Any licenses or certifications issued by the State of California, and any conditions thereof;
- A document providing the name, telephone number, and address of a person(s) authorized to accept service of process on behalf of the Facility;
- the name, telephone number and address of the Facility's community liaison.

The following will be posted on the Facility's premises in a prominent place, readily viewable by any member of the general public AND shall be provided to all customers:

- The sale or diversion of Cannabis without a permit issued by the County of Monterey is a violation of State law and the County Municipal Code.
- Secondary sale, barter, or distribution of Cannabis or Cannabis products purchased from Higher Level of Care is a crime and can lead to arrest.
- Patrons must immediately leave the dispensary and not consume Cannabis or Cannabis products until at home or in an equivalent private location. Staff shall monitor the location and vicinity to ensure compliance.
- The use of Cannabis or Cannabis products may impair a person's ability to drive a motor vehicle or operate heavy machinery.
- Entry into the premises by persons under the age of twenty-one (21) is prohibited unless they are a qualified Medical Cannabis user over the age of eighteen (18) or accompanied by a licensed attending physician, parent, or legal guardian.
- CALIFORNIA PROP. 65 WARNING: Smoking of Cannabis and Cannabis-derived products will expose you and those in your immediate vicinity to cannabis smoke. Cannabis smoke is known by the State of California to cause cancer.

Verification of Doctor's Recommendations for Medical Cannabis Customers

The State of California allows individuals to enroll in a voluntary state or local Medical Cannabis ID program that provides them with a government-issued card identifying them as legally-qualified Medical Cannabis users or caregivers. These Medical Cannabis ID cards allow for easy verification of the cardholder's current eligibility status through a telephone or electronic verification system that dispensaries and law enforcement can access. To be eligible for the purchase of Medical Cannabis, we will verify a prospective Medical Cannabis customer as follows:

DISPENSARY OPERATIONS PLAN

- The individual's identity must be verified by a form of government-issued photo ID (separate from any medical cannabis ID);
- The individual must be over the age of eighteen (18) or accompanied by a licensed attending physician, parent, or legal guardian;
- The doctor's recommendation must be confirmed to be valid (not expired) at the time of each visit;
- The recommending physician's license must be verified to have been in good standing with the State of California at the time the recommendation was made;
- The enrolling employee of the dispensary must check to make sure the individual has not been a customer in the past whose purchasing privileges were revoked.

Every Medical Cannabis customer must present his/her physician's recommendation for the use of Medical Cannabis or a Medical Cannabis ID card issued by the State of California. The physician's recommendation must be an original, not a photocopy. Upon presentation of the physician's recommendation, the Facility will verify the physician's license to practice medicine in the State of California and the recommendation.

If the Medical Cannabis customer does not have a California State Medical Cannabis ID Card (MMIC), the individual will have to present the physician's recommendation at the time of each subsequent visit, and it will be matched against the copy on file.

If the Medical Cannabis customer does have a California State Medical Cannabis ID Card (MMIC), the validity of the card is checked electronically or by phone. Subsequently, the customer will not have to re-present his/her physician's recommendation at the time of each visit as long as he or she presents the medical cannabis ID card and it is found to be valid by the verification system.

If the Medical Cannabis customer is a primary caregiver, the individual must present proof of his/her status as the patient's caregiver. The presented document must be an original, not a copy. The primary caregiver must also present a copy of the physician's recommendation for the individual for which they are the primary caregiver. The individual receiving care will be contacted to verify that the person in question is in fact his/her primary caregiver. The verification of the physician recommendation will be the same as above. If the caregiver does not have a California State medical cannabis ID card, he or she must present the original caregiver agreement and a copy of the recommendation at each subsequent visit, and they will be matched against the copies on file. If the caregiver has a California Medical Cannabis ID Card (MMIC), the validity of the card is checked electronically or by phone. Subsequently, the caregiver member will not have to re-present the caregiver agreement or patient's physician's recommendation at the time of each visit as long as he or she presents the Medical Cannabis ID card and it is found to be valid by the verification system.

No recommendations or approvals by a physician to use Medical Cannabis or medical cannabis products will be issued at the Facility.

If all verifications are in order, the customer will be able to procure Medical Cannabis from the Facility.

Transaction Tracking

The Facility will track its transactions. The Facility will maintain a database that tracks and associates each transaction with a specific customer, tracks the number of customers that visit the dispensary, the number of each customer's visits, and the number, quantity, and type of products associated with each transaction. This will allow the Facility to document, for the purposes of regulatory compliance, all Cannabis and Cannabis derived products taken into possession and dispensed to each end user.

DISPENSARY OPERATIONS PLAN

Additionally, the Facility will track customers' monthly cumulative buy amounts to monitor for patterns suggestive of diversion or abuse.

All books, records, and accounts will be maintained to comply with applicable laws and regulations and made available to the County of Monterey upon request.

Tax Compliance and Accounting

The Facility will comply with local, state, and federal tax requirements. We are aware of the unique federal tax implications for Cannabis businesses, and have consulted with appropriate professionals to ensure full compliance with the Internal Revenue Service's treatment of Cannabis.

Insurance

The Facility has obtained the required commitments necessary for insurance coverage, including worker's compensation and general aggregate not less than \$4,000,000.00, products complete operations, and personal and advertising injury, per occurrence, and medical payment coverage.

Personnel and Training Records

We will maintain personnel records for each employee and agent for a period of at least six (6) months past the end of the individual's affiliation with Higher Level of Care. All information listed below will be secured and maintained on an on-site encrypted computer system.

- Application & Documentation of all required training,
- Training for employees will include, but is not limited to, corporate entity status and job descriptions, general security policies, visitation policy, safety, salvaging guidelines, emergency procedures, bookkeeping procedures, delivery reception procedure, sanitation procedure, packaging and labeling procedure, salvaging questionable product and destruction of unusable product, transportation procedure, incident procedure, filter monitoring procedure and inventory reconciliation with Bio-Track THC.
- Written policies for employees will include instructions for Employee Eligibility Verification from Department of Homeland Security, Disability Insurance Provisions, paid family leave, time of hire pamphlet that informs about worker's compensation for industrial injuries, including temporary disabilities, permanent disability benefits, supplemental job displacement benefits and death benefits, notice to employees regarding Labor Code section 2810.5, prohibition of sexual harassment, paid sick leave policy, policy against discrimination, harassment, and retaliation, rest and meal periods - acknowledgement and waiver, at-will employee policy acknowledgment, leave of absence policies, pregnancy disability leave, non-work related disability leave (physical/mental illness not work related), occupational leave (worker's comp), voting time-off, jury duty, witness leave, victims of domestic violence, sexual assault, stalking, and crime victims.
- A signed statement from the individual indicating the date, time, and place that he or she received training and the topics discussed, including the name and title of the presenters.
- Record of any disciplinary action taken against employee at any time during employment.
- Matters of occupational safety will be managed in accordance with applicable Cal-OSHA regulations. The safety program will include a combination of the development and implementation of several required written programs, training of employees in accordance with the job duties, inspections of safety-related equipment, and maintenance of records.

DISPENSARY OPERATIONS PLAN

- Records will be developed and maintained in compliance with Cal-OSHA requirements found in 8 CCR §3203 and 8 CCR §3204. Following is a list of the records that are expected to be developed and maintained.
 - Personnel safety training records
 - Equipment inspection records
 - Facility inspection records
 - OSHA Log 300 and 300A
- The overall safety and health programs will require the development and implementation of the following written programs:

Program	Requirement
Injury and Illness Prevention Program (IIPP)	8 CCR §3203
Emergency Action Plan	8 CCR §3220
Fire Prevention Plan	8 CCR §3221

- Each of these programs will be customized for the specific operations that will be conducted at the facility. The foundation of the overall safety and health programs will be the IIPP. The IIPP has eight required elements. These will include the following:

Element	Application
Responsibility	Responsibility will be assigned for implementing the program. Additional responsibility will be delegated throughout the organization to managers, supervisors, and employees.
Compliance	Safety work rules will be developed for all aspects of the operations. Programs for employee recognition and discipline will be developed. This area will also identify other written safety programs and their role in the overall safety management system.
Communication	Programs to communicate safety-related matters within the organization will be developed including procedures for anonymous reporting of safety concerns. Programs will include worksite postings, employee meetings, and the implementation of a Safety Committee
Training	Training and retraining programs for all aspects of the facility operations will be established and implemented. Based on the size of the fire, less than 10 employees, some aspects of this can be modified in accordance with the allowances within the regulation.
Hazard Identification	Hazard identification programs including identification of the frequency and responsibility for worksite inspections will be developed and implemented. Included in this will be an assessment of the site to identify the required personal protective equipment that will be needed for specific tasks and operations.
Hazard Correction	Programs to correct all identified hazards in a timely manner will be identified and implemented.
Incident Investigation	A robust incident investigation process will be developed and implemented. The program will also include a program of near-miss (close call) reporting. The program will be based on current safety research that focuses on system improvements and organizational learning.
Recordkeeping	Records retention and availability programs will be identified and implemented for all safety-related records.

MANAGEMENT AND GOVERNANCE

DISPENSARY OPERATIONS PLAN

Responsibility of Managers

Managers are those individuals who, directly or indirectly, are engaged in the management of the Facility as may be evidenced by being responsible for the establishment, organization, registration, supervision, or oversight of the operations of the Facility which may include, but not be limited to, the following: performing the functions of President, Vice President, Board Member, Director, or Owner.

Qualifications of a Manager

The Facility will not have any Manager who:

1. Has not undergone a Fingerprint-based Criminal History Records Check conducted by the Monterey County Sheriff's Department pursuant to Section 21.67 and 7.90 of the Municipal Code
2. Is on parole or probation for the possession, sale, manufacture, distribution or transportation of a controlled substance:
3. Has been convicted of a crime of moral turpitude,
4. Has been convicted of any misdemeanor or felony within the last ten (10) years involving the following:
 - a) The use of violence, force, fear, fraud or deception; or specified in section 667.5 subsection C of the Penal Code
 - b) The unlawful possession, sale, manufacture, use, distribution, cultivation or transportation of a controlled substance;
 - c) The use of money to engage in criminal activity;
 - d) A serious felony conviction, as specified in section 1192.7, subsection C of the Penal Code;
 - e) A felony conviction involving fraud, deceit, or embezzlement.
5. Is not 18 years of age or older.

Security Manager

The Facility will have a Security Manager. The Security Manager will have oversight responsibility for the implementation of the Security Plan. As the person responsible for implementation, the Security Manager will also serve as a liaison with law enforcement, as may be required. In addition, the Security Manager will have oversight responsibility to review and update the Security Plan on a regular basis to ensure the Collective's continued compliance with security aspects to the applicable laws of the State of California and County of Monterey Commercial Cannabis Activities Ordinance.

PRODUCTS AND SERVICES

Dried Cannabis: Sativa, Indica, & Hybrids

The effectiveness of Cannabis is directly related to strain selection. Therefore, the Facility will demand that care be taken in selecting appropriate strains to meet customer needs. Customers will be encouraged to use vaporizers or ingest Cannabis to reduce any potential risks from smoking.

DISPENSARY OPERATIONS PLAN

Edibles

The Facility plans to offer many different edible product lines to cater to the various medical, nutritional, taste, and financial needs of its customers. Infusing cannabis into foods is a long-practiced and very effective method to use Cannabis. However, careful dosing is important. Edibles can be used as effectively as smoking or vaporizing. This line will be produced without chemical extraction.

Concentrates

This line will ensure customers have a variety of consumption methods that suit each person's needs and lifestyle. Our line is designed to provide high levels of cannabinoids in a readily accessible form, which provides instant relief for serious conditions.

Medicinal

This line is designed to conveniently access the palliative as well as curative properties of Cannabis. Each different delivery method of ingestion is targeted to treat specific diseases; for example, capsules and tonics have the potency to provide curative treatment, while the oral spray and chewing gum are designed for immediate palliative treatment of pain or spasticity.

Topical

This line is designed to provide topical applications of Cannabis for arthritic customers or customers with injuries. Topical have an analgesic and anti-inflammatory effect to reduce or eliminate pain.

Tinctures

Tinctures are alcohol extractions of whole Cannabis (usually the flowers and trim leaves). This line is designed to make dose control easy for customers, with rapid absorption and effect. Tinctures can be flavored for better taste.

Services

We will offer all a full range of supportive services for our customers, including palliative care services.

Services may include:

- Classes on Cannabis compliance;
- Classes on pain management, wellness strategies, and oncology issues;
- Condition-based support groups (e.g. Veteran's support group, women's cancer support group, chronic pain support, HIV/AIDS support group);
- Counseling services focusing on proper practices and avoiding substance misuse;
- Educational seminars for those new to Cannabis;
- Horticulture classes and programs on growing your own Cannabis (including organic and solar), and on making edibles;
- Nutrition and diet counseling;
- Resource services (referrals for a wide variety of essential life, social and economic services);

Additional services may be added based upon feedback.

DISPENSARY OPERATIONS PLAN

These services will be available to all customers. Their use and retention will depend on demand.

We recognize the need to provide a safe environment that helps customers avoid substance abuse and misuse. Our employees will be trained to recognize the signs and symptoms of substance abuse, including tolerance, dependency, and withdrawal. We will emphasize personal responsibility for individual behavior. We will also provide information about the differing strengths of Cannabis strains and products and the potential drug-to-drug interactions, including interactions with alcohol, prescription drugs, non-prescription drugs, and supplements. Working with our employees, education about the potential abuse of Cannabis will be integrated in all customer visits, materials, and outreach.

Product Safety

The purpose of product safety protocols is to ensure that our Cannabis is:

- Free of pests and microbiological contaminants, toxins, pesticides and non-organic nutrient residues;
- Properly potent; and
- Properly packaged & labeled.

All Cannabis will be sent for batch testing to a Cannabis testing center that maintains operations in full conformance with State and local regulations prior to sale at a dispensary. Further, the Facility will comply with sanitation standards equivalent to the California Retail Food Code (Part 7 commencing with Section 113700) of Division 104 of the Health and Safety Code for food preparation, storage, handling, and sale of edible Cannabis products. The Facility will only dispense non-potentially hazardous Cannabis food products, as established by the State Department of Public Health pursuant to Section 114365.35 of the Health and Safety Code.

Product Recall

If a product is recalled by federal, state or local authorities, the following process steps will be implemented:

1. Identification of Implicated Products
 - a. Properly identify all products and quantities implicated in the recall
 - b. Distribution list of persons receiving the product(s)
 - c. Information list of products affected and when received
2. Notification of Affected Parties
 - a. Regulatory Agencies
 - b. Distribution Chain for written notices
 - c. Consumers
3. Removal, Control and Disposition of Affected Product
 - a. Control products to ensure that recalled products do not re-enter commerce
 - b. Document redirection, destruction or recondition of product
4. Mock Recalls to Support Annual Verification of Recall Program

Packaging and Labeling

All Cannabis products dispensed to patient members will be packaged and labeled in accordance with applicable laws and regulations.

DISPENSARY OPERATIONS PLAN

All Cannabis will be packaged in an opaque, locked, tamper-evident/childproof container, which will contain a label or be accompanied by a leaflet or insert that clearly states the following:

1. The complete legal name of the customer to whom the Cannabis is dispensed;
2. If Medical Cannabis and the person obtaining the Medical Cannabis is a primary caregiver obtaining Medical Cannabis on behalf of a qualified patient, the complete legal name of the primary caregiver and the name of the qualified patient for whom he or she serves as a primary caregiver;
3. The name, address and on-site landline telephone number of the Facility;
4. The amount of Cannabis in the container;
5. If Medical Cannabis, the name of the attending physician recommending the use of Medical Cannabis for the qualified patient;
6. The date the Cannabis was provided;
7. A list of the chemicals and/or substances that were used during the processing of the Cannabis;
8. All necessary health and safety warnings, including, but not limited to direction that the Cannabis be stored in a clean and dry place and out of the reach of children; and
9. A statement that the County of Monterey neither warrants nor guarantees the quality or safety of the Cannabis contained therein.
10. A unique identifier (such as a batch and lot number or barcode).

Additionally:

- No edible Cannabis products that **require** refrigeration or hot-holding shall be sold or distributed.
- All items to be sold or distributed will be individually wrapped at the original point of preparation.
- All items to be sold or distributed will have warning labels where nuts and known allergens are contained.
- Warning labels that the product is medication and not food will be clearly legible on the front of the package.
- Warning labels that the product must be kept away from children will be clearly legible.
- Labels will state the product contains Cannabis and the date of manufacture.
- Edible Cannabis that resembles a food product will be placed in an opaque (non-see-through) package.

OPERATIONS

The Facility designates the location for its operation's to be located at: **10665 Merritt Street, Castroville, CA 95012**. The Dispensary hours of operation of the Collective will be from **8:00 A.M. to 8:00 P.M., 7 days a week** or as otherwise designated by the County of Monterey.

Rules and Regulations

The Facility has adopted a set of Rule and Regulations for operations. The set of Rules and Regulations are attached.

Dispensary Access

Dispensary Access will be controlled as set forth in the Security Plan.

DISPENSARY OPERATIONS PLAN

The dispensary shall maintain a limited access area where Cannabis and Cannabis products are sold. A “buzz-in” electronic/mechanical entry system shall be utilized to separate the limited access area from the reception/lobby area. The dispensary shall verify an individual’s (a) status as a qualified patient or primary caregiver and (b) identification via valid government issued identification card before allowing an individual to access the limited access area and purchase or receive Cannabis or Cannabis products.

Non-Diversion: Inventory Control

We will implement an inventory and point-of-sale tracking system to report and track all aspects of the Facility’s business including, but not limited to, Cannabis tracking, inventory data, gross sales by weight, gross sales by dollar amount and individual customer transaction history. The following data will be recorded and stored for each transaction involving the exchange of Cannabis or Cannabis products between the dispensary and the end user:

- The identity of the individual dispensing Cannabis or Cannabis products on behalf of the dispensary.
- The identity of the customer receiving Cannabis or Cannabis products from the dispensary.
- The type and quantity of Cannabis or Cannabis products dispensed and received.
- The dollar amount charged by the dispensary and received by the individual dispensing Cannabis or Cannabis products on behalf of the dispensary for the Cannabis or Cannabis products dispensed and received.

The weighing and measuring devices used by the Facility will meet standards equivalent to Division 5 of the Business and Professions Code and registered with the Monterey County Department of Weights & Measures.

Receiving / Processing / Storing

Before any Cannabis or Cannabis product can be received, it must have a valid and verified transport manifest. The manifest includes a detailed form with the number of packages with detailed content provided by the vendor. All inventory receipts to the Facility are immediately processed.

Each transport shipment is processed via the following method:

- Confirmation of valid and verified transport manifest, including product count and weight of each package or item received
- Loading of received inventory into the POS system
- Transport of product to storage area or store display

Cannabis and Cannabis products shall be stored in a dark, cool room to avoid exposure to light, as it can deteriorate Cannabis and Cannabis products over time. All Cannabis and Cannabis products shall be in a secured and locked safe room, safe, or vault, and in a manner as to prevent diversion, theft, and loss, except for limited amounts of Cannabis and Cannabis products used for display purposes, samples or immediate sale.

Waste Tracking

All Cannabis waste shall be identified, weighed and tracked in accordance with federal, state and local rules as is the proper disposal method required (unusable, unrecognizable and via secured waste receptacle).

All related liquid waste from the facility is disposed of in compliance with all applicable federal, state and local laws, regulations, rules and other requirements.

All waste will be tracked with the following information:

<u>Date</u>	<u>Time</u>	<u>Waste Description</u>	<u>Weight</u>	<u>Disposal Method</u>	<u>Employee Badge #</u>
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DISPENSARY OPERATIONS PLAN

All designated and tracked waste will be disposed of in a secured and locked receptacle and final disposal will be made by a licensed waste facility, as per State and Local regulatory guidelines.

See "Waste Disposal Plan" for additional information.

Record Keeping

The Facility will maintain complete records of all Cannabis and Cannabis products that are in its possession at any time and for any period of time. The Facility will maintain complete records regarding Cannabis transfers from the Facility's location to and of its "sister" locations, including the date and time of the transfer as well as the amount, form and type of Cannabis and/or Cannabis products transferred.

The Facility's records will maintain, for a period of seven years, at the premises, and in a fireproof safe, all records and documents required by the County of Monterey Commercial Cannabis Activities Ordinance and all the information and records listed below:

1. The name, address, and telephone number(s) of the owner, landlord and/or lessee of the location;
2. The following information concerning each customer of the Facility:
 - A. Name and a confidential customer number unique to that individual which is used solely for the log identified in Section 7 below;
 - B. A copy of the customer's valid government issued photo Identification Card or license;
 - C. An copy of each customer's executed Rules & Regulations;
3. If Medical:
 - A. A copy of the customer's California Medical Cannabis (MMIC) identification card and/or the physician's recommendation;
 - B. The name and telephone number of each primary caregiver customer, along with a copy of every written designation for every qualified patient that designated the customer as his or her primary caregiver;
 - C. The name, business address and telephone number of each attending physician who provided a physician's recommendation for any customer of the Facility;
 - D. The records of all qualified patients with a valid California Medical Cannabis (MMIC) identification card and primary caregivers with a valid California Medical Cannabis (MMIC) identification card may be maintained by the Facility using only the identification card number issued by the State pursuant to California Health and Safety Code Section 11362.7 et seq., in lieu of the information required by chapter 21.67 and 7.90 of the County of Monterey Commercial Cannabis Activities Ordinance;
4. Up-to-date information for all savings accounts, checking accounts, investment accounts and trusts associated with the operation of the Facility;
5. All receipts of the Facility, including but not limited to all revenues and all expenditures incurred by the Facility;
6. An up-to-date log documenting each transfer of Cannabis reflecting the amount provided, the form or product category in which the Cannabis was provided, the date provided, the time provided and the customer number to whom it was provided;

DISPENSARY OPERATIONS PLAN

7. An up-to-date log documenting the date, time, nature, and response by the Facility to all complaints received by the Facility pursuant to Chapter 21.67 of the County of Monterey Commercial Cannabis Activities Ordinance;
8. A copy of the annual audit reports required pursuant to the County of Monterey Commercial Cannabis Activities Ordinance; and
9. Proof of completed registration with the Appropriate Authority in conformance with the County of Monterey Commercial Cannabis Activities Ordinance.
10. Records demonstrating compliance with state and federal rules and regulations regarding reporting and taxation of income received.
11. Perform an inventory on the first business day of each month and shall record the total quantity of each form of Cannabis on the premises.

Such records will be made available by the Facility to the Appropriate Authority and any County official charged with enforcing the provisions of the County of Monterey Commercial Cannabis Activities Ordinance, in accordance with the County of Monterey Commercial Cannabis Activities Ordinance. At the request of the Appropriate Authority, all such records required would be made available in standard electronic format which will be compatible with Microsoft Office programs and which can easily be imported into Excel, Access, or any other contemporary software program compatible with the County's record keeping systems that would have a capability to produce historical transactional data for review by the Appropriate Authority or designee. In addition to all other formats that the Facility may maintain, all such records required will be stored by the Facility at the Location in a printed format in a fireproof safe.

The Facility will keep, or cause to be kept, a true and correct copy of the Business Permit in legible condition, on the premises of the Facility. The Facility will present, or cause to be presented, the copy of its Business Permit to a County Sheriff's Office, County code enforcement officer, or any other County Official who is at the site of the Facility immediately upon request.

Audits

At the end of each quarterly reporting period the Facility will file, with the Appropriate Authority, an audit of its financial operations for the previous quarter, completed and certified by an independent certified public accountant in accordance with generally accepted auditing and accounting principles. The audit will include but not be limited to a discussion, analysis, and verification of each of the records required to be maintained pursuant to the County of Monterey Commercial Cannabis Activities Ordinance. The information contained in the audit will be made available in standard electronic format which will be compatible with Microsoft Office programs and which can easily be imported into Excel, Access, or any other contemporary software program designated by the Appropriate Authority.

Inspection and Enforcement

The Sheriff and any other County agents or employees of the County will be permitted to lawfully enter the Facility location at any time during the hours of operation, without notice, to inspect the Facility as well as the recordings and records maintained pursuant to County of Monterey Commercial Cannabis Activities Ordinance in accordance with the County of Monterey Commercial Cannabis Activities Ordinance.

Additionally, the Sheriff and any other County official charged with enforcing the provisions of this County of Monterey Municipal Code will be permitted to lawfully enter the Facility to obtain samples of Cannabis to test for public safety purposes upon reasonable notice.

Customer Confidentiality

DISPENSARY OPERATIONS PLAN

Nothing herein is intended to require the disclosure of any customer's private medical records.

Nothing herein is intended to require, to the extent required by law, disclosures and member record-keeping in violation of the any customers right of privacy as recognized by the California and United States Constitutions.

To the extent required by law, member record-keeping will be HIPAA-compliant.

Reports to Law Enforcement

The Facility will immediately report to the Sheriff, any violations of State or local law or conditions which the on-site designated representative knows, or reasonably should know, exist on the premises and at the location and could result or have resulted in harm or an imminent threat of harm to the health, safety or general welfare of any person or member of the public. The Facility will immediately report to the Sheriff, the County Health Department, and customers of the Facility any information indicating that a customer experienced an adverse reaction to, or other difficulty related to, any Cannabis procured from the Facility.

PROPERTY MAINTENANCE

The Facility will keep the premises and location in a clean and safe condition by, at a minimum, performing all of the following tasks:

- A. Properly remove and store all trash, litter, rubbish and debris on the premises and location at the end of each business day;
- B. Properly dispose of all trash, litter, rubbish and debris from the premises and location;
- C. Remove graffiti placed upon the premises and location within twenty-four hours of its occurrence;
- D. Keep driveways, sidewalks, park strips, fire access roads and streets on or adjacent to the premises and location clear and clean;
- E. Provide lighting on the premises and location to ensure the safety of the public and the employees of the Facility; and
- F. Otherwise operate in a manner that does not create or result in any significant adverse impacts upon its premises and location or within three hundred (300) feet of the premises and location.

Operational Standards

The Facility will not conduct operation in a manner that creates or results in a public nuisance on the premises and location or within three hundred (300) feet of the premises and location, including but not limited to:

- A. Disturbance of the peace;
- B. Illegal drug activity;
- C. Public intoxication;
- D. Drinking/Smoking in public;
- E. Gambling;
- F. Prostitution;
- G. Sale of stolen goods;
- H. Public urination;

DISPENSARY OPERATIONS PLAN

- I. Theft;
- J. Assault;
- K. Battery; or
- L. Acts of vandalism.

Compliance training will cover all municipal and laws and requirements relating to Cannabis. Obligations of licensed Cannabis facilities will be emphasized. Other topics may include the rules and regulations of the Facility, sexual harassment training, effective interaction with law enforcement personnel, and the rights and responsibilities of Cannabis customers.

The sale, dispensing, or consumption of alcoholic beverages on or about the Facility or in the parking area for the Facility will be prohibited. Cannabis may not be inhaled, smoked, eaten, ingested, vaped, or otherwise used or consumed on the premises or in the parking areas of the premises. Additionally, loud car stereos or activities disruptive to the neighborhood from within the Facility or immediately surrounding area are prohibited. Each entrance of the Facility will have a visibly posted clear and legible notice indicating that smoking, ingesting, or otherwise consuming cannabis on the premises or in the areas adjacent to the Facility is prohibited. The loitering by persons outside the facility, either on the premises or within one hundred feet (100) of the premises, is prohibited.

General Sanitary Requirements

Higher Level of Care enforces the following reasonable measures and precautions:

- All persons who appear to be ill, or have open lesions, boils, sores, wounds or other related health and/or medical issues are excluded from all operations.
- All persons in contact with Cannabis and Cannabis products shall maintain adequate personal cleanliness, washing hands thoroughly and refraining from contact with any ill individuals.
- All cleaning compounds (sanitizing agents, solvents and other chemicals) are identified, held, stored and disposed of in accordance to local, state or federal laws, rules, regulations and ordinances.
- All contact surfaces, utensils and equipment are cleaned and sanitized to protect against contamination.
- All operations in the receiving, inspecting, transporting, segregating, preparing, manufacturing, packaging and storage of Cannabis and Cannabis products are in accordance with adequate sanitation principles.
- All cleaning products and chemicals must be stored and secured in a locked cabinet.
- Cannabis and Cannabis products are only handled by licensed store employees/contractors using sanitary gloves.
- Customers are not allowed to handle Cannabis and/or Cannabis products at any time.
- Cannabis and Cannabis products are only handled via sanitary conditions and cross-contamination of any kind is avoided.

Security Plan

Dispensary Security will be controlled as set forth in the “Security Plan”.

Fire Safety

The Facility recognizes that a prime motivation for regulating Cannabis dispensaries is to protect the peace, health, safety, and welfare of the community from these types of problems. Fires not only cause millions of dollars of property damage annually, but they also affect lives.

DISPENSARY OPERATIONS PLAN

The Facility will comply with all national and local fire Code requirements. The fire system design will be reviewed for approval by the Monterey County Fire Department for permit issuance. Requirements of the Fire Department above the proposed design will be reflected on a Change Order.

We will use AB Fire to provide a sprinkler system for the facility. Alarm initiating, and supervisory switches will be connected to the fire alarm system. Notification appliances will be installed throughout the building. A single manual pull station will be installed in a continuously occupied area of the building for access during business hours. The fire alarm equipment will be an addressable Firelight alarm control/communicator. Communication to the central monitoring station will be via dedicated land line with high security cellular/GSM back-up communication. In addition, all rooms will be equipped with smoke detectors. ABC rated fire extinguishers will be present in every facility.

Approved portable fire extinguisher(s) meeting the requirements of CFC Section 906 are located as required within the prescribed travel distance within the facility. The portable fire extinguishers within the Facility are maintained as required including servicing on an annual basis by an approved vendor. The maintenance of this equipment is the responsibility of the property owner for all of the tenants in the complex.

The Facility will:

- Comply with State and Local Fire Codes;
- Go Beyond Code Requirements
- Ensure Electrical Safety
- Engage in Good Housekeeping and Site Maintenance
- Adequate Signs and Notification for Hazardous Materials

Signage

The exterior signage for the facility will conform to the County of Monterey Municipal Code 21.60.050 Commercial identification signage will be limited to that needed for identification only. The identification signage will not contain any logos or information that identifies, advertises, or lists the services or the products offered. The Facility will not advertise by having an individual holding a sign and advertising the business to passerby either on or off the premises. No signs will be placed on the premises of the Facility that would obstruct any entrance or exit to the building or any window. Signage shall be reviewed and approved by the County in accordance with County of Monterey, Section 21.60.

COMMUNITY ENGAGEMENT

The Facility seeks to be an asset and a beneficial resource for the surrounding community. As a good neighbor, the Facility will seek neighborhood and other necessary input.

The Facility is committed to strong public engagement and outreach to the community. Salvatore Palma will serve as the community outreach liaison. Our community outreach liaison has three goals: (i) to establish a process by which the community can express itself regarding the project; (ii) to inform the community about Cannabis issues; and (iii) to ensure that our approach genuinely reflects the community's needs.

To reach our goals, we anticipate identifying a broad cross-section of community-based organizations and community leaders, including those representing indigent and traditionally under served and underrepresented residents, to learn how residents and stakeholders can best receive useful information that enables them to participate meaningfully.

DISPENSARY OPERATIONS PLAN

In order to bring Customer-Centered care to underserved populations and effectively address the health disparities affecting them, the Facility will provide discounted products and services to indigent or low-income Medical Cannabis customers.

DEVELOPMENT / OPERATING AGREEMENT

The Facility will comply with any other operating requirement included in any development / operating agreement between the Facility and the County pursuant to Section 21.64.240 of the Municipal Code

Once the Cannabis Facility has selected employees, a list of Managers and their responsibilities, including a list of all Managers responsible for receiving, logging, and responding to complaints regarding the Collective, and all Managers designated as an on-site representative will be provided to the County and all residents, property owners, and businesses within 250 feet of the Facility.

APPENDIX "A"

TRACEABILITY & INVENTORY MANAGEMENT

This is the written Traceability & Inventory Management program for HIGHER LEVEL OF CARE (hereinafter sometimes referred to as "We", "Us", "Our", or "Facility"). This plan addresses and meets the Requirements of Chapter 21.67 and 7.90 of the County of Monterey (hereinafter sometimes referred to as "County") Commercial Cannabis Activities Ordinance ("Commercial Cannabis Activities Ordinance"). The Facility will comply, as applicable with the Commercial Cannabis Activities Ordinance.



The BioTrackTHC™ Traceability System enables government agencies, at the state and local level, to track the production, transportation, destruction and sales of legal Cannabis. Licensed Cannabis businesses utilize the Commercial System as a business platform which supports them in remaining fully compliant when tracking all aspects of their day-to-day operations. All logs created and maintained within the Commercial System are also held in the Traceability System, allowing regulatory agencies to view reports in real-time.

The system has extensive reporting capabilities to assist state and local governments with enforcing regulations, collecting taxes and preventing illegal cannabis diversion and inversion. The system allows regulatory agencies to view every gram of legal Cannabis throughout the production life cycle. Having emerged from the medical software industry, the technology was originally developed as a prescription drug and methamphetamine precursor tracking system to assist state government and law enforcement agencies in preventing drug diversion and promoting public safety. The Traceability system has passed a SAS No. 70 audit (now SSAE 16) to certify the System's compliance with strict standards for electronic prescriptions of all legal classes of medication.

BioTrackTHC™ continues to update the System as the Cannabis Industry evolves. The BioTrackTHC™ system supports RFID and Barcode technology.

Why is Traceability Important?



To recall cannabis plants and products deemed as unsafe/adulterated



Prevent adulterated materials from reaching the regulated market, and preventing regulated materials from reaching the black market



Allow regulating bodies to track cannabis plants and products to the source and to the consumer



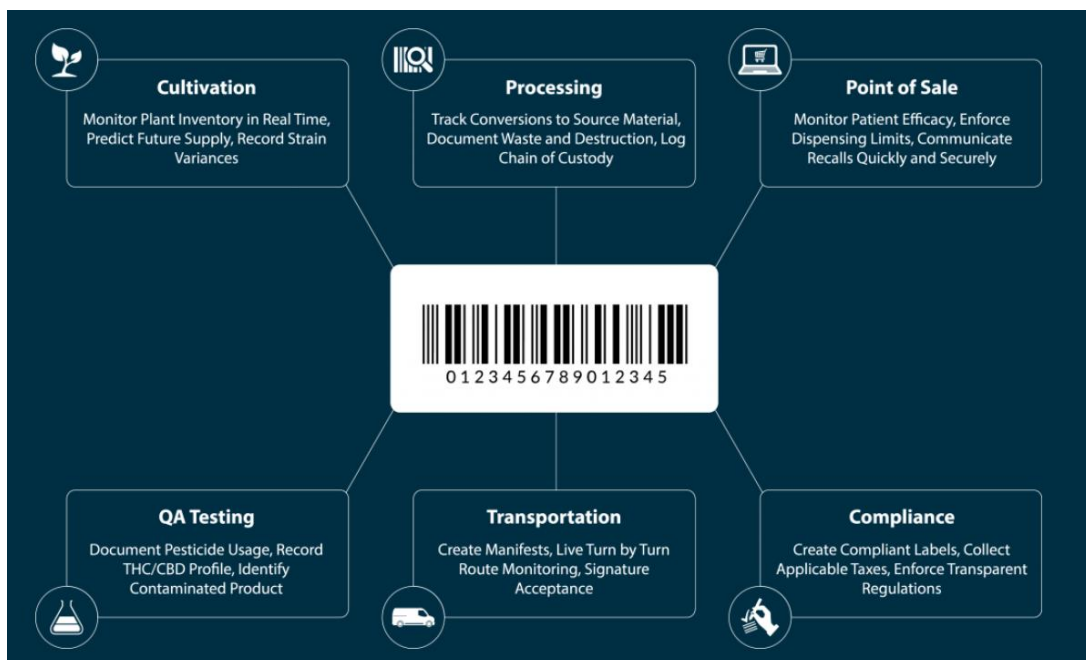
Preventing cannabis from reaching those for whom it is not intended

TRACEABILITY & INVENTORY MANAGEMENT

TRACEABILITY

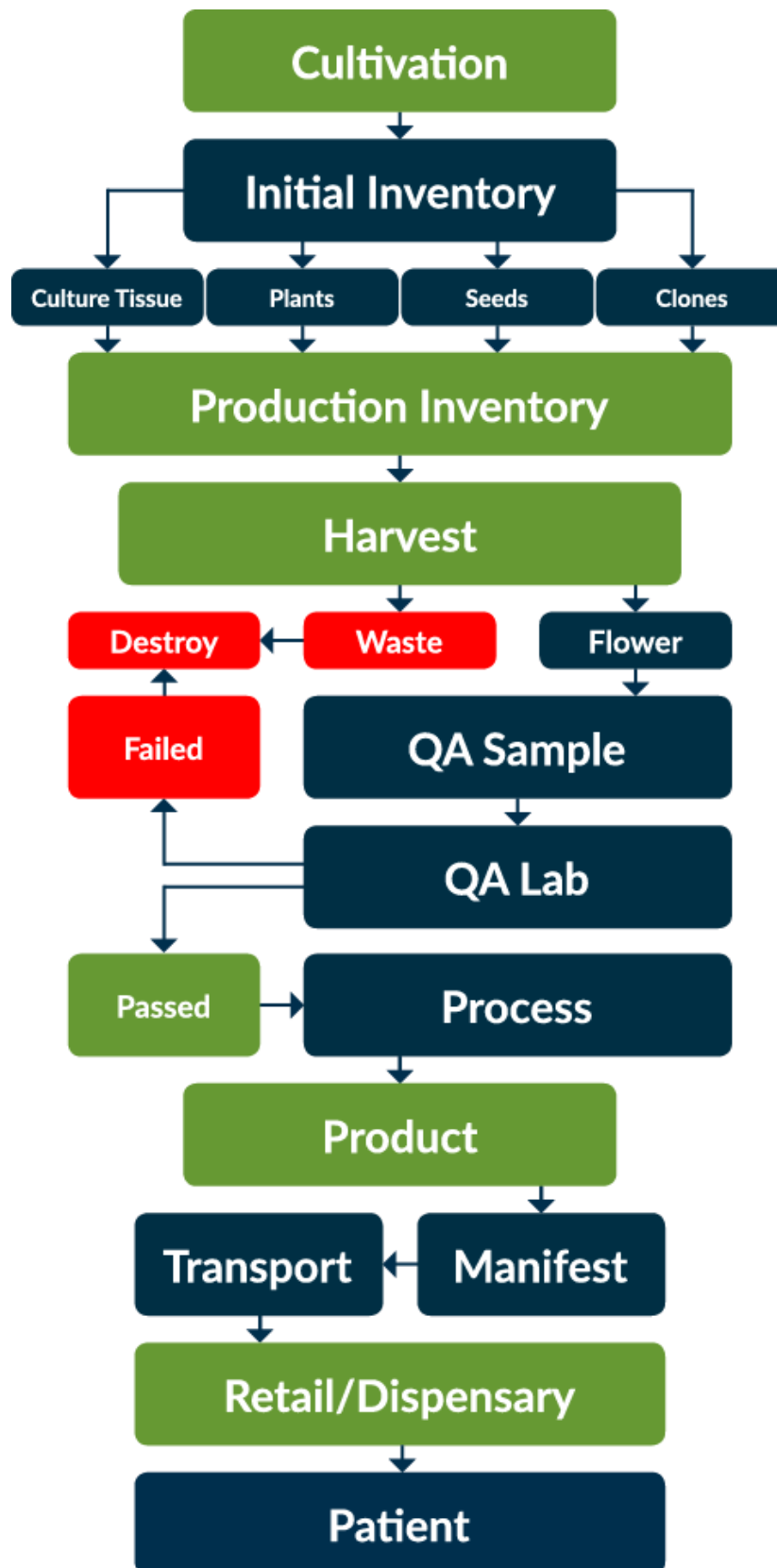
BioTrackTHC's software is utilized to track Cannabis through the supply chain. To ensure compliance with state and local regulations, the traceability system provides functionality to assist with the analysis of information, auditing operations, and enforcement by state and local government agencies.

- **Cultivation:** Upon propagation, each plant or clone is assigned a globally unique 16 digit identifier. This identifier records and archives plant phases, additives and employee interactions to ensure accountability and adhere to regulations during the plants' maturation.
- **Harvest:** All cannabis components are batched by material-type. Batched material receives a new 16 digit identifier that contains plant history since propagation. Batched material includes prepackaged goods or derivatives such as oil concentrate.
- **Quality Assurance Testing:** Cannabis and cannabis derivatives are then tested for chemicals, contaminants and other harmful additives prior to entering the market place. Test results, including potency, are automatically assigned and printed on product labels.
- **Transportation:** A detailed manifest must be completed prior to transporting cannabis. The manifest displays the shipments' origin, a detailed contents list including quantity, destination and driver credentials, displaying the entire chain of custody. Manifest reports are available for law enforcement in real-time.
- **Dispensary:** In addition to linking products to plant origin, each sale is tracked to the patient or customer. This completes the unbroken chain of custody from seed-to-sale.
- **Medical Patient ID Cards:** The Traceability System generates a unique ID number for every patient, and can also integrate with hardware for patient ID card printing. Patient information and sales limitations are easily validated in real-time.
- **Traceability Portal:** The traceability portal is a secure, online, data hub that provides detailed analytics for regulatory agencies and law enforcement. The data allows law enforcement to track cannabis transportation and inventory in real-time. Detailed financial reports are available for the Department of Revenue or other agencies. This ensures compliance and adherence to industry standards and state and local laws.



HIGHER LEVEL OF CARE

TRACEABILITY & INVENTORY MANAGEMENT



ODOR MANAGEMENT PLAN

This is the written Dispensary Odor Management Plan for HIGHER LEVEL OF CARE (hereinafter sometimes referred to as “We”, “Us”, “Our”, or “Facility”). This plan addresses and meets the Requirements of Chapter 21.67 of the County of Monterey (hereinafter sometimes referred to as “County”) Commercial Cannabis Activities Ordinance (“Commercial Cannabis Activities Ordinance”). The Facility will comply, as applicable with the Commercial Cannabis Activities Ordinance.

INTRODUCTION

The odor caused by storage and dispensing of Cannabis can potentially impact surrounding premises if not properly addressed. A preliminary evaluation has been made of possible significant impacts of odors to the environment and mitigation measures that can be incorporated into the planning, design, and operation of the Facility. The primary purpose of Odor Management Plan is to demonstrate how the Facility will comply with the applicable environmental laws and regulations pertaining to the Facility.

SCRUBBING AND TREATMENT OF AIR

The Facility intends to use a closed loop aeration system that minimizes the transference of air between the interior and exterior of the facility. Any air exhausted from the facility will first undergo a minimum of one the following treatments.

Odor Neutralization: Higher Level of Care will have an Uvonair 5000 Plus Ozone Generator supplying Ona air neutralizer for every 5,000 cubic feet of interior space. The ONA odor neutralizing products consist of complex formulations representing a variety of chemical compounds offering different functionalities, both structural and chemical. The technology behind ONA was initiated over 25 years ago. The scientist who invented ONA became fascinated when he observed that terpenes, when diffused into the environment, reduced odors and unwanted emissions. Inspired by this finding, further evidence showed that the odors were not just masked but permanently removed. The result was a set of specialized formulations that neutralize a wide spectrum of organic and inorganic odor problems — effectively, efficiently and permanently. ONA formulations have been scientifically engineered to be environmentally safe. ONA is manufactured under strict quality controls to ensure a safe and non-toxic product. The components used to make ONA are generally recognized as safe and have been commonly used in the food and cosmetics industries with a long history of safety.

Terpenes: Terpenes are widespread in nature, mainly in plants as constituents of essential oils. Many terpenes are hydrocarbons, but oxygen-containing compounds such as alcohols, aldehydes or ketones (terpenoids) are also found. Their building block is the hydrocarbon isoprene, $\text{CH}_2=\text{C}(\text{CH}_3)-\text{CH}=\text{CH}_2$.

- Terpenes have anti-bacterial, antifungal and antiseptic properties.
- Terpenes have oxygenating properties (increases oxygen level).
- When diffused into the environment, terpenes have been found to reduce airborne chemicals and bacteria.
- Terpene characteristics appear to either destroy the odor molecule or convert it to a more acceptable level.

Mechanisms of Action: There are three mechanisms of action that can occur, based on the chemical and physical natures of each terpene and active ingredient versus the organic and inorganic volatile compounds.

- Adsorption — All VOCs (volatile organic compounds) and odorous compounds have a solubility factor in ONA active ingredients. This solubility will allow the VOC compound to solubilize itself in the presence of ONA, relative to the chemistry of the emission, temperature, pH, and pressure of the environment.
- Absorption — The active molecules in ONA will attract or come into contact with low molecular weight or VOCs. These VOCs will enter and bond with the ONA active ingredients to eliminate odors.

ODOR MANAGEMENT PLAN

- **Chemical Reaction (The Pairs Theory)** — This involves the permanent bonding of the odorous molecule (VOC) and the ONA active ingredients reactive sites. This mechanism transforms the pollutant in its basic properties. As a result, odor disappears.

The affinity of the different odorous compounds (VOCs) with ONA is directly relative to their chemical composition and physical state. For example, a hydrogen sulfite can have a great affinity for certain sites of the ONA active ingredient. It can either bond electrostatically, or react in comparison to its relative solubility. This means different components will be neutralized by one mechanism compared to the other two, or a blend of each of the three. ONA is NOT a masking agent; rather, it offers a safe, effective way to PERMENANTLY ELIMINATE odors and emissions.



Uvonair 5000 Plus Ozone Generator

Air Purification: Higher Level of Care will use a robust and extensive system of Carbon & HEPA filters to purify the air within its Facility.

Activated carbon filters are small pieces of carbon, typically in granular or powdered block form, that have been treated to be extremely porous. It is so cavernous that just one gram of activated carbon can easily have a surface area of 500m² or higher. Vast surface area enables these carbon filters to adsorb exponentially more contaminants and allergens than traditional carbon.

Adsorption is a distinct process where organic compounds in the air or water react chemically with the activated carbon, which causes them to stick to the filter. The more porous the activated carbon is, the more contaminants it will capture.

In air purification systems, activated carbon filters are used in conjunction with HEPA filters to trap known allergens and impurities like:

- Dust
- Lint
- Mold spores
- Smoke
- Pet hair
- Common household chemicals
- Benzene and other VOCs

Carbon filters also help eliminate unpleasant odors so indoor air remains fresh. Used together, activated carbon and HEPA filters can trap 99.97% of small particles 0.3 microns and higher as well as most larger particles, especially spores.

Transference Minimization: Air Curtains prevent air, contaminants & odors from moving from one open space to another. It reduces penetration of insects and unconditioned air into a conditioned space and vice versa by forcing

ODOR MANAGMENT PLAN

an air stream over the entire entrance. The air stream layer moves with a velocity and angle such that any air that tries to penetrate the curtain is entrained. Air curtain effectiveness in preventing infiltration through an entrance are up to 90% effective.

At each entrance and exit, Higher Level of Care will install an industrial air curtain, manufactured by Northern Tool and Equipment TPI Variable Speed Air Curtain offering 4,168 CFM keep air/odors from escaping through any exterior doorways during the extremely brief periods which they are open during operations. Doorways will only be open for the period that it takes an individual to pass through the doorway.



Northern Tool & Equipment TPI Variable Speed Air Curtain

Through the implementation of the above infrastructure and protocols, Higher Level of Care can ensure that any odors produced from the storage and dispensing of Cannabis will not become nuisance to our neighbors and the general public.

WASTE DISPOSAL PROGRAM

This is the written Waste Disposal Program for HIGHER LEVEL OF CARE (hereinafter sometimes referred to as "We", "Us", "Our", or "Facility"). This plan addresses and meets the Requirements of Chapter 21.67 and 7.90 of the County of Monterey (hereinafter sometimes referred to as "County") Commercial Cannabis Activities Ordinance ("Commercial Cannabis Activities Ordinance"). The Facility will comply, as applicable with the Commercial Cannabis Activities Ordinance.

INTRODUCTION

Given the nature of its business, Higher Level of Care will have very little Cannabis waste produced from its day-to-day activities. Though any such waste will be in very small quantities, it is important that it is properly disposed of so as to eliminate the probability of diversion.

In accordance with state and local regulations, all Cannabis waste products at the Facility will be weighed, logged and kept securely stored until such time that they can be transported offsite to one of Higher Level of Care's affiliated cultivation operations, where it will be composted with Cannabis waste from said cultivation operation and reintroduced to the cultivation process as fertilizer. This composting will take place by way of a method known as "Bokashi Fermenting."

Bokashi fermenting of Cannabis is an approved method of disposing of waste. All Cannabis waste will be recycled back to soil saving on the cost of additional fertilizers and dramatically decreasing water consumption. This system is capable of processing several tons of waste per week.

Active ingredients are destroyed in the fermenting process, so the fermented waste can be stored with confidence it will be of no value to individuals hoping to gather active material. The product of the fermented waste will ultimately be used as an enrichment by returning organic nutrients and microbes to the soil.

BOKASHI FERMENTING

Bokashi fermenting is a method of rapidly metabolizing all organic waste with naturally occurring soil microbes. It is 10 times faster than traditional composting, produces no greenhouse gases, produces no heat, and takes only 7 days. The "pickled" waste material is then mixed with soil to return all the nutrients and microbes to soil.

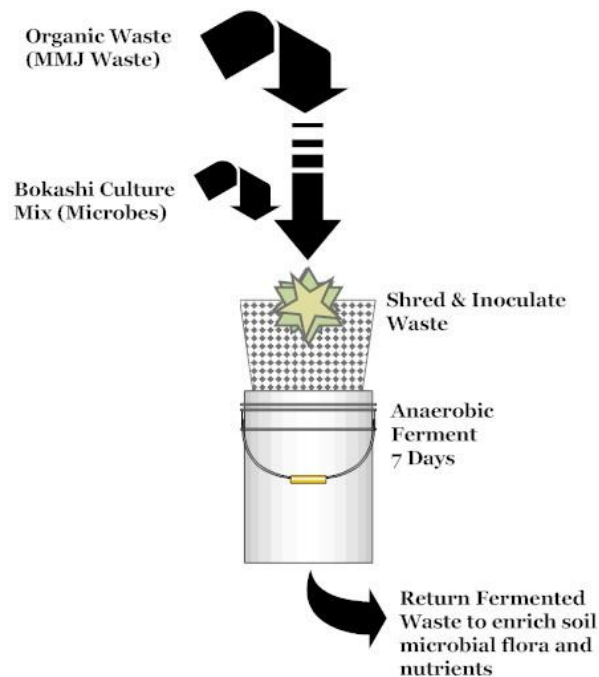
All organic waste will rapidly decompose, and noxious odors, putrefaction, and gases are eliminated. No insects or rodents are attracted to the end-product. It is accomplished in a remarkably small amount of space and requires no turning, mixing, aerating, or additional materials to complete. An accelerant is combined with the microbes to increase the speed of processing because the cellulose content of waste is very high. The liquid accelerant is sprayed onto the waste with each addition of culture mix and the system is then closed to exclude oxygen.

Bokashi fermenting is very scalable. One can mix weeds, plant debris, food scraps including meat and dairy products, and any other organic material with no concerns about the carbon to nitrogen ratio. One will simply shred the material and place it in a proper fermenter. During the shredding process one will add a powder (wheat bran base inoculants) which is homogenously mixed with the waste material during the shredding step. The material is then simply left alone for 7 days in a sealed fermenter.

The fermenting conditions will kill all seeds and pathogens including E. coli and Salmonella. No methane is produced because the pH shifts to a mildly acidic profile as material is metabolized. Methanogens, the organisms that produce methane cannot survive under these conditions.

WASTE DISPOSAL PROGRAM

A single 4 cubic yard Poly Dura Kan fermenter can process 2 tons of waste per week.



ADVANTAGES OF BOKASHI FERMENTING

- Rapid disposal of all organic waste
- Far more efficient than traditional composting; takes only 7 days to ferment
- Biopulp mixed with soil results in highly enriched soil, improved microbial flora and enriched organic content soil
- Conserves water
- Requires no additional machinery or effort to process
- Eliminates odors and does not attract vermin or pests
- Fermenting is phytotoxic killing weeds and their seeds
- May combine all waste in a single operation
- Eliminates expense of pick-up and transport
- Eliminates greenhouse gas production in processing waste
- Bokashi culture mix costs are about \$25 per ton of waste processed and is the least expensive of all waste processing methods
- Is the most sustainable agricultural method of waste management

GENERAL PROCESS FOR FERMENTING

- All Cannabis waste (including stems, stalks and other woody plant parts) must be shredded and inoculated before it is placed in a fermenter.
- Any water or product that is alkaline should be neutralized to pH 7 or lower before adding it to the fermenter.

WASTE DISPOSAL PROGRAM

- No plastic or other non-organic material should be placed in the fermenter.
- Inoculating waste should take place at the shredder assuring wide uniform dispersal of the inoculants in the waste. Dust is avoided with water soaking waste before it is fermented.
- Add 5 pounds of bokashi culture mix per 400 pounds of pre-wetted waste.
- When the fermenter is full, it is set aside and left alone undisturbed at ambient (room) temperature for a period of 7-10 days. It is then ready to be mixed with soil although it can be left in the fermenter undisturbed for weeks and months with no harm.

EQUIPMENT

A dedicated area for processing will be established. A shredding unit will be put into position so that all inoculated shredded material falls directly into the fermenter. The fermenter is then set aside with a sealed lid equipped with a safety pressure release valve cassette. The processing area will house multiple fermenters so that so that there is always enough capacity to continue the shredding/filling while other fermenters are completing the pickling process. This allows the process waste to run continually without any interruptions.

- Shredding Unit: A stationary, high throughput, electrically driven shredder manufactured by Buffalo Schulte will be used as it has the capacity of handling upwards of 1000 pounds of waste at a time. This shredder also has the added advantage that it can be mounted in position to send all shredded product directly to the fermenter thus eliminating the need for to fill the fermenters.



Buffalo Schulte Electrical Driven shredder

- Fermenting Unit: Poly Dura Kan fermenters are made of HDPE with casters so they can be easily moved about. They hold up to 2 tons of shredded waste and are equipped with anaerobic seals to exclude oxygen which is a requirement for successful fermenting.

WASTE DISPOSAL PROGRAM



Poly Dura Kan Fermenter with anaerobic seal

- Bokashi Culture Mix: Bokashi culture mix is the only consumable used in the recycling process. The general formula for processing is 25 pounds of culture mix per ton of waste processed. Bokashi culture mix is inexpensive and cost approximately \$25 per ton of waste processed. Waste recycled through soil quickly returns nutrients and microbes to feed new plants. The bio pulp cycled through soil re-establishes nutrients so efficiently that little additional fertilizing will be required. In addition, less watering is required due to the increased soil organic content that avidly retains water where it is needed.

RECONSTITUTION

After the fermenters have completed the fermentation process (7-10 days), we will then mix the resulting bio-pulp with soil. This is done by applying it to the surface at a rate of 10 pounds per square foot and tilling it so that it is mixed with soil and covered with a few inches of soil. The soil can then be used for planting after 14 days.

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