

Exhibit B

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EXHIBIT B
PROJECT DISCUSSION
PLN170300 Phat, LLC (Grupo Flor/East of Eden Cannabis Co.)

Description

Grupo Flor/East of Eden Cannabis Co. proposes to lease space from the property owner A.G. Davi (Phat, LLC) on the first floor of an existing two-story, mixed use building located at 8022 Moss Landing Road in the Moss Landing Community Plan Area. The subject property is approximately 300 feet south of the intersection of Sandholdt Road and Moss Landing Road, and approximately 2,600 feet north of State Route 1/Moss Landing Road, and is located in an area with commercial, educational, recreation and visitor serving uses. The site is zoned Moss Landing Commercial [MLC (CZ)] Zoning District in North County Land Use Plan (coastal).

The proposed commercial cannabis retailer would be located on the first floor in a 2,328-square foot space of an existing 4,469-square foot two-story, mixed-use building. The mixed-use building includes vacant commercial space on the first floor and an apartment on the second floor. The proposed retailer would provide cannabis products such as cannabis flowers, concentrates, edibles, and topicals. In the future, delivery service would be provided to service members that are not able to come to the store.

Proposed improvements would include the building modifications to comply with the Americans with Disabilities Act (ADA) compliance, installation of a sprinkler and fire alarm system, and signage. The site consists of shared parking, including eight standard parking stalls and one ADA accessible parking stall for the commercial side and three covered parking spaces (garage + carport) for the residential side. All parking is accessible from Moss Landing Road. The General Development Plan states that eight employees and two security guards would be on-site during business hours (M-Sun, 10-8); one security guard would be on site after-hours. All deliveries of cannabis goods would be performed by a delivery employee of the retailer.

Potable water service will be provided by the Pajaro/Sunny Mesa Community Services District. In an effort to reduce water usage, low flow toilets and motion sensing water faucets would be installed. Any proposed landscaping would be serviced by drip irrigation on a timing schedule to minimize excess or over watering. Energy efficiency measures would be utilized for the proposed use, including upgrading all lighting fixtures to LED.

Background

The property owner proposes to lease space to East of Eden Cannabis Co. who would operate the commercial cannabis facility, including adult use (recreational) and medical sales, and delivery service. The existing tenant space on the first floor of the mixed-use building is currently vacant.

In July of 2016, the Board of Supervisors adopted ordinances establishing regulations for cannabis operations in Monterey County. Pursuant to the adopted regulations, all commercial cannabis businesses must obtain a Coastal Development Permit (equivalent to Use Permit in the inland zone) and an annual Commercial Cannabis Business Permit. The Coastal Zone regulations were subsequently certified by the California Coastal Commission and are currently effective.

EXHIBIT B
PROJECT DISCUSSION
PLN170300 Phat, LLC (Grupo Flor/East of Eden Cannabis Co.)

Coastal Development Permit Standards

Standards for cannabis retailer use permits are contained in Section 20.67.040 of the Coastal Zoning Ordinance (Title 20). Cannabis retailers are allowed in the Moss Landing Commercial (MLC) Zoning District in the Coastal Zone.

Minimum standards include:

1. Location in the Coastal General Commercial (CGC) and Moss Landing Commercial (MLC) zoning districts;
2. Location more than 600 feet from a school, public park, or drug recovery facility;
3. Location more than 1,500 feet from another cannabis retailer;
4. Appropriate record keeping policies and consent for inspections;
5. Appropriate security measures;
6. Appropriate delivery procedures;
7. Appropriate supply chain to include permitted and licensed facilities only;
8. Appropriate packaging and labeling of products;
9. Tracking and reporting of inventory discrepancies, theft, loss, or other breach of security;
10. Restriction on possession or sale of any other form of illegal drugs.

Consistency with these standards is analyzed below.

Analysis

In order to address the minimum standards and required findings for a Coastal Development Permit, the applicant has submitted a Development Project Application (**Exhibit D3**) that includes an Operations Plan and Security Plan that describes quality control procedures, packaging and labeling, secure storage and access, track and trace programs, inventory control procedures, patient verifications, preventing diversion of cannabis, vendor operating procedures, disposal, odor management, record keeping, the security plan, and other site information addressing operational standards including fire, health, and safety. The security plan has been redacted for confidentially purposes.

Staff has reviewed the plans and information submitted with the Coastal Development Permit application and has determined that the findings required to grant the Coastal Development Permit can be made in this case. Plans submitted address the minimum standards contained in Section 20.67.040 including location within the Moss Landing Commercial Zoning District. Standards considered in review of the application include:

Location and hours: The property is located in the Moss Landing Commercial [MLC (CZ)] Zoning District in the Coastal Zone; is more than 2.4 miles from North Monterey County Middle School southeast of the site; is more than 3.3 miles from Cato Phillips Park southeast of the site, 1.5-mile from Salinas River State Beach southwest of the site; and is not within 1,500 feet of another permitted retailer (see discussion regarding setback below). The retailer would be in

EXHIBIT B
PROJECT DISCUSSION
PLN170300 Phat, LLC (Grupo Flor/East of Eden Cannabis Co.)

operation seven days a week. Hours of operation for the proposed retailer would be from 10:00 A.M. to 8:00 P.M.

Product Tracking, Record Keeping and Preventing Diversion: Inventory will be sourced from permitted and legal providers as allowed by the existing State guidelines regarding medical and adult use cannabis products. East of Eden Cannabis Co. would maintain an inventory control and reporting system that accurately documents the present location, amounts, and descriptions of all cannabis products throughout the distribution chain until purchased by or distributed to a qualified patient or primary caregiver. Trellis cannabis software platform, a track and trace software, would be utilized by East of Eden Cannabis Co. to allow the retail site to track the chain of custody and real-time whereabouts of cannabis from the point that it is received by a customer or patient or vendor until it is sold, destroyed, or returned to the vendor. This track and trace software supports tracking of every product in every form, prevents drug diversions, promotes patient/customer product safety with traceability, captures inventory quantities for each entity, supports the auditing process, and provides real time digital transport manifest, and allows regulatory users to view all licensee activities captured in the system.

Security: The applicant has submitted a detailed Security Plan. Security systems and procedures have been reviewed by RMA – Planning and appropriate measures and systems are proposed to meet or exceed local and State security requirements. Uretsky Security, a company licensed by the State of California Bureau of Security and Investigative Services, will have oversight responsibility for implementation of the Security Plan. The Security Plan is divided into three components: Facility Security, Policy/Procedures, and Operations Security. Security at the facility is designed to reduce the likelihood of security breaches and to trigger an immediate response in the event of a breach. The waiting room reception window will be secured with one-inch thick bulletproof Plexiglas. All main access doors and interior doors will require being buzzed in. Patients/recreational customers will be screened prior to being allowed in the showroom from the waiting room.

Perimeter security will be provided by security guards, alarmed video surveillance, electronic intrusion detection, and exterior lighting at all entrances and walkways. The alarm system will have motion detectors and glass breakage sensors covering entryways and exists, hallways, rooms storage rooms, and windows in addition to a centrally monitored fire and burglar alarm system. An external security lighting system will be added to illuminate facility entrances and walkways to maximize visibility. Lighting will be operated automatically by a motion sensor, ensuring that lighting will be optimal for video capture. The lighting will be conditioned to be downward facing and unobtrusive in order to comply with the Monterey County lighting ordinance and prevent light pollution.

Incoming and Outgoing Deliveries: East of Eden Cannabis Co. will provide a delivery service to its members in the future. All deliveries of cannabis goods would be performed by a delivery employee of the retailer that is at least 21 years of age and would be made in person to a physical address in the state of California that is not publicly owned land or land leased by a public agency. No cannabis would be visible to the public and cannabis would not be left unattended

EXHIBIT B
PROJECT DISCUSSION
PLN170300 Phat, LLC (Grupo Flor/East of Eden Cannabis Co.)

while being delivered. The vehicles would be equipped with an alarm system, GPS system, and be able to be locked remotely. Products in the vehicle would not exceed a \$3,000.00 value. The Security Plan includes transport procedures to ensure the security of transport agents and of inventory being transported. All incoming cannabis products from other dispensaries/licensed vendors will be accepted at the designated vehicle and placed in sealed and locked containers. Products will remain in the locked transport container during transport. All transportation documents will be computerized and ready for inspection. Call/orders will be placed by a member and tracked through the Trellis Software Program.

Nuisances: A 24- hour business contact information is provided for nuisance complaints such as suspicious activity or loitering. Odor control would include an electronic air purifier and HVAC system in the facility to ensure that odors from cannabis are not detectable off-site. The applicant would install one Honeywell F90A1050 Electronic Air Purifier (or equivalent), which is a surface mounted Honeywell industrial commercial electronic air cleaner. The F90A1050 cleans by removing particulates from the air passing through the electronic cells. This filter is certified to be 94 percent efficient at capturing 0.5 micron air borne particles that pass through the filter, such as pollen, cat dander, dust, tobacco smoke, and mold spores. In addition, the applicant proposes to install an HVAC system with carbon filter technology. Furthermore, patients will not be permitted to consume products on-site. Condition of Approval No. 10 would require the applicant maintain odor prevention devices in accordance with the approved odor control plans through the life of the operation.

Patient verification and youth restrictions: East of Eden Cannabis Co. will only sell adult use/recreational cannabis to individuals who are at least 21 years of age and shall only sell medical cannabis to individuals who are at least 18 years of age and possess a valid medical verification card or who are a primary caregiver for a medical use individual. A security guard will check identification prior to individuals entering the building. The ID's will be scanned and the data will be transmitted to the Trellis software program.

Physical improvements: The proposed retailer would include minor interior improvements to the 2,328-square foot tenant space, including installation of a sprinkler and fire alarm system and restroom modifications for ADA compliance. Proposed exterior improvements would include signage and security lighting. An external security lighting system will be added to illuminate facility entrances and walkways. Lighting will be operated automatically by a motion-sensor and directed downward to prevent light pollution. At a future date, East of Eden Co. will be utilizing a portion of the upstairs living space for an employee lounge/break room which will require additional interior remodeling. The applicant is aware that all proposed interior improvements shall require building permits.

Signage: The existing footprint for signage on the east, street-facing side, will be used for a new sign (approximately 1 foot by 2.5 feet). Colors and materials will also remain the same (wood frame, blue and white print).

Parking: The current site plan for the proposed retailer includes 6 standard stalls and one ADA accessible stall on the south side of the lot. Three parking spaces are shown for the residential

EXHIBIT B
PROJECT DISCUSSION
PLN170300 Phat, LLC (Grupo Flor/East of Eden Cannabis Co.)

side. On September 14, 2000, under Resolution No. 970248, the Zoning Administrator approved a Combined Development Permit and Design Approval consisting of a General Development Plan and Coastal Administrative Permit for a retail store to include uses such as: an antique shop, a dress shop, resale shop, bookstore, florist, art studio, and shoe repair; and to allow for the renovation of a 340-square foot existing shed to office use. The original permit (PLN970248) was approved in conjunction with a Negative Declaration, where staff determined that 10 parking spaces was the minimum required for the uses proposed. The originally approved parking plan shows eleven parking spaces, including the handicap parking space (7 on south end and 4 on the north end). The subject project is proposing to occupy the approved retail space for a single commercial use (cannabis dispensary) and therefore, meets the parking requirement as outlined in Section 20.58.040 of Title 20. The current site plan will be revised to include the actual parking capacity. The standard parking requirement for general retail is 1 space per every 250 square feet of net floor area (e.g. does not include areas to be used for toilets or restrooms, utilities, stairways, mechanical rooms). The proposed project covers a net floor area of 1,853-square feet which translates to 7.4 or 8 parking spaces. A three-bedroom residential space (as shown on the floor plans dated 12/22/2017), requires 2.2 or 3 parking spaces. The 340-square foot office currently being rented by Elkhorn Slough Safari uses parking space at the Moss Landing Harbor, approximately .2 miles north of their physical address; employees of East of Eden Co. will also be parking at the Moss Landing Harbor parking lot.

Locked trash and recycling enclosures would be installed behind the building (see site plan). All landscaping would be maintained by scheduled drip irrigation in an effort to conserve water.

Setback: There are no cannabis retailers permitted within 1,500 feet of the proposed retailer. The 1,500-foot setback applies only from a permitted retailer site; therefore, the proposed retailer meets the required 1,500-foot setback from another cannabis retailers.

In addition to operating on a site with an approved Coastal Development Permit, East of Eden Cannabis Co. would be required to obtain and maintain an annual Commercial Cannabis Permit pursuant to Chapter 7.90 of the Monterey County Code, which will require in depth review of the standard operating procedures for the business as well as background checks and, they will also be required to obtain and maintain a State license from the Bureau of Cannabis Regulation.

Mandatory Conditions

Mandatory conditions of approval, required for all cannabis retailers, are attached to the draft resolution (**Exhibit D-1**).

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