

CONDITIONAL USE PERMIT APPLICATION

Applicant: Fox Den, Inc.

Address: 4036 Montgomery Dr., Unit B, SANTA ROSA, CA 95405

APN: 013-284-012

Zoning: Neighborhood Commercial (CN)

Building Size: 1210 Sq Ft

Lot Size: 19166 Sq ft

Proposed Use: Cannabis Retail and Delivery (State License Type 10)

Applicant Representative: Nick Caston, Golden State Government Relations

TABLE OF CONTENTS

- A. Project Narrative
 - 1. Summary
 - 2. Local and State Compliance
 - 3. Neighborhood Compatibility
 - B. Site Management Plan
 - 1. Security plan
 - a. Surveillance
 - b. Alarm System
 - c. Access Controls
 - 2. Inventory Control
 - 3. Storage and Waste
 - 4. Training and Records
 - 5. Odor mitigation
 - 6. Lighting
 - 7. Noise
 - 8. Access
 - 9. Parking
 - 10. Public Transportation
 - 11. Signage
 - 12. Minors
 - C. Operational Plan
 - 1. Hours of Operations
 - 2. Staffing and Local Hiring Plan
 - 3. Delivery Operations
 - 4. Regulatory Laws and Procedures
 - D. Zoning and General Plan Consistency
 - E. Dual State Licensing
 - F. Dual EHS Permitting
-

A. Project Narrative

1. Summary

The Applicant proposes to operate a Commercial Cannabis Retail (Dispensary) and Delivery (State License Type 10) facility within the site at 4036 Montgomery Dr., Unit B, in Santa Rosa. The proposed site is zoned as Neighborhood Commercial (CN). The entire facility is approximately 1210 square feet, and the division of space will be: Retail Space will occupy approximately 450 square feet, with large well-lit display cabinets. Storage space will occupy approximately 150 square feet. Office, employee, and administration space will approximately occupy 300 square feet. A waiting room will occupy approximately 310 square feet.

The proposed project will include activities permitted by a Cannabis Retail (Dispensary) and Delivery State License - Type 10 for Medicinal & Adult use, which allows retail sales of cannabis and cannabis products to consumers, either at a brick-and-mortar dispensary or via delivery. The new dispensary planned for 4036 Montgomery Dr., Unit B, in Santa Rosa will be a model project for professional/pharmacy-style dispensaries, offering an intimate experience focused on customer satisfaction. The project will offer a unique combination of retail and delivery as customers will be able to shop in store and then have the products delivered on a weekly or monthly basis. The applicant will work diligently to provide unmatched service to each person that walks through their doors and ensure that a sense of community is built within their customer base and neighborhood.

2. Local and State Compliance

The Applicant is committed to compliance with local and state regulations. The applicant has extensive experience in running a compliant retail dispensary and currently operates a licensed facility in the City of Hopland, Emerald Pharms.

In addition to the inherent experience of the ownership in operations of compliant cannabis companies, the applicant has retained Golden State Government Relation, a compliance and advocacy firm with offices in Santa Rosa and Sacramento, to provide oversight of operational compliance and advise on changes to the dynamic regulatory environment for cannabis in California.

3. Neighborhood Compatibility

The location provides an ideal setting for this type of land-use. This project features a setback storefront location and will not use product advertising on store signage to better integrate into the neighborhood. Pursuant to Health and Safety Code Section 11362.768 and Santa Rosa Ord. No. ORD -2017-025 the site is set back over 600 feet from any K-12 school, or other Cannabis retail operation.

The proposed facility is well-suited to house dispensary operations. The building will be upgraded where necessary to meet ADA compliance standards for persons with disabilities. The existing entrance is visible and there is no existing landscape or adjacent structure that would impact visibility, lighting, or security requirements set forth in Santa Rosa Ordinance No. Ord -2017- 025.

B. SITE MANAGEMENT

The Cannabis Retail Applicant will take all reasonable steps to discourage and correct objectionable conditions that constitute a nuisance in parking areas, sidewalks, alleys and areas surrounding the premises and adjacent properties during business hours if directly related to the patrons of the subject retailer. For purposes of this subsection, "Reasonable steps" shall include calling the police in a timely manner; and requesting those engaging in nuisance activities to cease those activities, unless personal safety would be threatened in making the request.

1. Security Plan

The Applicant's security plan is intended to prevent theft or diversion of any cannabis or currency, as well as to discourage loitering, crime, and illegal or nuisance activities. The site security plan is comprised of several layers of systems and protocols, which are discussed below (see attached Security Plan for full documentation). All the security systems will remain fully operational during a power outage. No weapons or firearms will be permitted on the property. All security measures are designed to ensure emergency access is available in compliance with California Fire Code and Santa Rosa Fire Department standards.

a. Surveillance

Security surveillance video cameras shall be installed and maintained in good working order to provide coverage on a twenty-four-hour basis of all internal and exterior areas where Cannabis is cultivated, manufactured, packaged, stored, and transferred. The security surveillance cameras shall be oriented in a manner that provides clear and certain identification of all individuals within those areas. Cameras shall remain active at all times and shall operate under any lighting condition. Security video will use standard industry format to support criminal investigations and shall be maintained for ninety (90) days. All recordings will be easily accessed for viewing, and the Applicant will cooperate with all law enforcement investigations, providing video footage upon request. The Applicant will be able to view the surveillance remotely at any time.

b. Alarm System

The Applicant shall install a professionally monitored alarm system, which provides the Applicant with instant notification of any triggering event. The alarm system will be equipped with a failure notification feature that provides prompt notification to Applicant of any prolonged surveillance interruption or system failure. Additionally, the Applicant is able to access the alarm system remotely.

c. Access Controls

The proposed floor plan includes commercial security doors at all entrances, exits, and access points to restricted areas. The entrances will remain locked at all times with commercial grade 1 security locks and will be equipped with a buzz-in electronic entry system to control access during business hours. We will be defining the reception lobby and securing it with walls to allow customers to be checked and age verified in at the counter and wait comfortably for access to retail floor. Once a staff member is ready to serve and advise a qualified customer, they will be granted access through a second buzz-in door between the lobby and the retail area.

d. Security Personnel

In compliance with state law (CAL. CODE REGS. tit. 16 § 5045), security personnel will always be present at the location. In addition to ensuring all customers meet age requirements, security personnel will also monitor the site and adjacent alleyway to prevent nuisance activity and report any criminal activities to law enforcement.

2. INVENTORY CONTROLS

The Applicant will operate in a manner to prevent diversion of Cannabis and shall promptly comply with any track and trace program established by the state (Santa Rosa, Cal., ORD-2017-25, Chapter 20 § 46.050(C)) to ensure that no diversion or loss occurs. In the event of any inventory significant discrepancies, the Applicant will immediately notify regulators and law enforcement within the required time period. In addition, Fox Den will perform reconciliation of its inventory once a week, more frequently than is required by the current regulation of 14 days. All inventory records shall be made available to the California Cannabis Bureau upon request.

Upon receipt of products from state licensed distributors, applicant's management staff accounts to ensure all product that was ordered has in fact been delivered. Per California State Regulation, the retailer is responsible for products once they have been accepted for delivery, so Fox Den has developed intake procedures that ensure proper accounting of incoming products immediately upon receipt in the inventory system. To ensure against diversion due to employee theft, as outlined in the Inventory Management Procedures, once products are received and logged into an inventory system, they are recounted by both a team member and a supervisor after being price tagged and security chipped in preparation for retail sale. All products are then stored in a locked storage room with access limited to supervisors until the products are moved to the retail sales floor for sale to customers. Limiting access to the products in storage drastically reduces the possibility of diversion due to employee theft.

Applicant will maintain an accurate record of sale for every sale made to a customer utilizing its software system and include all information required (CAL. CODE REGS. tit. 16 § 5426). The applicant will only display cannabis goods for inspection and sale in the retail area, and not be visible from outside the licensed premises. Applicant will not make any cannabis goods available for sale or delivery to a customer unless: the cannabis goods were received from a licensed distributor, the retailer has verified that the cannabis goods have not exceeded their expiration or sell-by date if one is provided; and in the case of manufactured cannabis products, the product complies with all requirements of Business and Professions Code section 26130 and all other relevant laws.

The applicant will operate according to CAL. CODE REGS. tit. 16 § 5408, and only sell, only live, immature cannabis that is not flowering, was purchased from a nursery that holds a valid Type-4 license under the Act, and a label is affixed to the plant or package containing any seeds which states “This product has not been tested pursuant to Medicinal and Adult-Use Cannabis Regulation and Safety Act.” The applicant will also strictly follow the daily limits pursuant to (CAL. CODE REGS. tit. 16 § 5409).

3. STORAGE AND WASTE

All cannabis products and any cannabis waste will be stored in an area secured with commercial-grade non-residential locks, that is not visible to the public and that prevents diversion, theft, loss, hazards and nuisance according to Santa Rosa, Cal., ORD-2017-25, Chapter 20 § 46.050 (G.3). All storage and handling of hazardous materials will occur in code compliant control areas. All vendors will be pre-scheduled in advance and must present valid identification. Vendors will only be granted access to the areas required for removal of waste. All waste removal vendors will be required to document and track all waste materials removed from the site.

4. TRAINING AND RECORDS

Applicant has implemented and invested in a rigorous training program that covers all procedures and company policies related to safety, security, relevant city and state regulations, and false identification recognition. In addition to the training on Fox Den’s safety and security procedures, employees receive an overview of all regulations related to city and state compliance and must undergo an exam to ensure they have retained all relevant information. All new hires complete the extensive training program prior to operating in the dispensary and all existing employees receive retraining on essential procedures every six months.

Fox Den prides itself on having a workforce well versed on the myriad of different cannabis products available and their broad range of therapeutic applications. Applicant has developed a training program designed to educate their employees on assisting customers select the right cannabis product for their needs. Fox Den’s extensive cannabis training includes information on the science, therapeutic applications, delivery methods, product characteristics, and history of cannabis.

As required by state regulations, applicant maintains up-to-date and current records related to the cannabis operation. Those records are stored in a secure manner onsite and will include surveillance vendor contracts with schematics of the security zones, name of vendors and monitoring company, and a list of all current authorized employees with access to the surveillance and/or alarm systems. All surveillance equipment, records and recordings will be stored in a secure area that is only accessible to applicant’s management. Finally, applicant will update the security plan to comply with any new local or state laws and regulations for cannabis licensing.

5. ODOR

The project will incorporate and maintain adequate odor control measures such that the odors of Cannabis cannot be detected from outside of the structure in which the Business operates.

6. LIGHTING

Interior and exterior lighting will utilize best management practices and technologies for reducing glare, light pollution, and light trespass onto adjacent properties and the following standards:

- a. Exterior lighting systems will be provided for security purposes in a manner sufficient to provide illumination and clear visibility to all outdoor areas of the premises, including all points of ingress and egress. Exterior lighting will be stationary, fully shielded, directed away from adjacent properties and public rights of way, and of an intensity compatible with the neighborhood. All exterior lighting will be Building Code compliant and comply with Section 20-30.080 (Outdoor Lighting.)

Interior light systems will be fully shielded, including adequate coverings on windows, to confine light and glare to the interior of the structure. (Santa Rosa, Cal., ORD-2017-25, Chapter 20 § 46.80)

7. NOISE

Use of air conditioning and ventilation equipment shall comply with the Chapter 17- 16 (Noise). No generators are proposed for facility operations. (Santa Rosa, Cal., ORD-2017-25, Chapter 20 § 46.80 J)

8. ACCESS

Access to Retail Area will be limited pursuant to Cal. Code Regs. tit. 16 § 5400 & Santa Rosa, Cal., ORD-2017-25, Chapter 20 § 46.050(B). Access to the retail area will be limited to individuals who are at least 21 years of age and have a bona fide business reason for entering the premises or to individuals who are at least 18 years of age and have a valid physician's recommendation. Authorized individuals include individuals employed by the retailer as well as any outside vendors, contractors, or other individuals conducting business that requires access to the limited access area. The applicant's employees shall be physically present in the retail area when individuals who are not employees of the retailer are in the retail area. An individual in the retailer limited-access area who is not employed by the retailer will be escorted by the applicant's employees within the limited-access area. The applicant will keep a log of all authorized individuals who are not employees that enter the limited access area and will not receive consideration or compensation for permitting an individual to enter the limited-access area.

Individuals shall be granted access to the retail area only to purchase cannabis goods after the retailer or an employee of the retailer has verified that the individual is at least 21 years of age and has a valid proof of identification, or that the individual is at least 18 years of age, has valid proof of identification and a valid physician's recommendation for his or her self or for a person for whom he or she is a primary caregiver. Acceptable forms of identification include the following:

- A document issued by a federal, state, county, or municipal government, or a political subdivision or agency thereof, including, but not limited to, a valid motor vehicle

operator's license, that contains the name, date of birth, physical description, and picture of the person;

- A valid identification card issued to a member of the Armed Forces that includes a date of birth and a picture of the person; or

- A valid passport issued by the United States or by a foreign government that clearly indicates the age or birthdate of the individual.

9. PARKING

The project site includes two buildings. The building on the back (southern side away from Montgomery) of the site is the proposed project site, while the building at the front of the site is currently occupied by Trail House, a restaurant with a focus on the cycling community. In total, seventeen onsite parking spaces are currently provided. This project proposes to add five indoor parking spaces including one ADA compliant space and utilize one outdoor space not currently dedicated to the Trail House facility for a total of 22 parking spaces on the site. The site already includes an outdoor ADA compliant space. The six spaces dedicated to the Fox Den project meet the required parking for the project. Additionally, the business model for this location focuses on guiding clients to their preferred orders and setting the client up on recurring delivery orders especially convenient for Senior customers. This model is anticipated to reduce the parking and traffic impacts of the project.

10. PUBLIC TRANSPORTATION

The project is located within approximately 300 feet of the 4/4B bus route which serves the area every 30 to 60 minutes during most business days and the site is located on a class 2 bike lane with other cyclist serving businesses, further encouraging less car trips for the project. All employees will be encouraged and incentivized to use these alternative means of transportation furthering Santa Rosa's goal to "work with employers...to meet employee transportation needs that will lead to reduction of the use of single occupant vehicles." (Santa Rosa General Plan T-A-2) The City of Santa Rosa offers next-day ADA paratransit transportation service operates in the area and provides rides and care to disabled persons in the area.

11. SIGNAGE

Applicant will install all signage as required by in Santa Rosa Ordinance No. Ord -2017- 025 in accordance with the City's sign permitting process, including the display of the permit (Santa Rosa, Cal., ORD-2017-25, Chapter 20 § 46.80 (F11)) during business hours and in a conspicuous place so that the same may be readily seen by all persons entering the facility. The applicant's identification signage will be permitted by the City prior to installation and will not contain any logos or information that identifies, advertises, or lists the specific products or services offered by the dispensary. Signage posted at the entrance will indicate that smoking, ingesting, or consuming cannabis on the premises or in the vicinity of the dispensary is prohibited. Entrance signage will also include a notice indicating that persons under the age of 18 may not enter the premises unless they are a qualified patient accompanied by a parent or guardian. A sign indicating active security camera monitoring will also be posted at the entrance. Our dispensary license will be posted in the lobby, in a conspicuous place so that it will be readily seen by all persons entering the dispensary.

12. MINORS

The Applicant will not allow any person who is under the age of 18 on the premises. All guests and visitors will be required to present identification for security and age determination purposes. All applicant team members will undergo false identification training with a qualified professional prior to verifying identification at the location to ensure accurate age verification.

C. OPERATIONAL PLAN

1. HOURS OF OPERATION

Store Front - Retail operations shall be open to the public between 9am and 9pm seven days a week. (Santa Rosa, Cal., ORD-2017-25, Chapter 20 § 46.050(F-4)) § 5403. Retailer shall sell and deliver cannabis goods only between the hours of 6:00 a.m. Pacific Time and 10:00 p.m. Pacific Time. (Cal. Code Regs. tit. 16 § 5403)

Delivery - All deliveries within the City of Santa Rosa shall be done between 9am and 9pm (Santa Rosa, Cal., ORD-2017-25, Chapter 20 § 46.080(F-4)) Delivery operations shall be limited to 6am to 10pm seven days a week (Cal. Code Regs. tit. 16 § 5403(a)).

2. STAFFING AND LOCAL HIRING PLAN

All staff will receive thorough training on workplace safety, operations, track and trace, cannabis products, and security protocols. In addition to state licensing requirements related to staffing, the Applicant will diligently follow all applicable labor and employment laws. The employees will likely be part- and fulltime and will work staggered shifts to accommodate customer flows. All employees hired by the Applicant will be over 21 years of age. The Applicant is committed to hiring employees locally. Sonoma County and Santa Rosa have a wealth of experienced and dedicated cannabis workforce. The Applicant plans to consider residency when making hiring decisions, will promote the job posting locally, and will use local connections discover new local talent.

3. DELIVERY

The applicant plans to deliver Cannabis and Cannabis Products to patients located outside the Cannabis Retail facility in Sonoma County pursuant to Cal. Code Regs. tit. 16 § 5415 and City of Santa Rosa Ord. No. ORD -2017-025 Chapter 20 § 46.080 (B)). All deliveries of cannabis goods will be performed by a delivery employee (over the age of 21) of a retailer in two new model hybrid vehicles, as to minimize noise and pollution from delivery operations. All deliveries of cannabis goods shall be made in between the operating hours of 9am-9pm and will not be made using an unmanned vehicle. Employees delivering cannabis will carry a copy of the retailer's current license, the employee's government-issued identification, and an identification badge provided by the employer and maintain an accurate list of the retailer's delivery employees. Delivery will only be offered to a physical address in California, not to an address located on publicly owned land or any address on land or in a building leased by a public agency. Delivery employees, carrying cannabis goods for delivery, shall only travel in an enclosed motor vehicle operated by a delivery employee of the licensee and ensure the cannabis goods are not visible to the public.

The vehicle(s) used for the delivery of cannabis goods will be outfitted with a dedicated Global Positioning System (GPS) device for identifying the geographic location of the delivery vehicle. The device shall be either permanently or temporarily affixed to the delivery vehicle and shall remain active and inside of the delivery vehicle during delivery. At all times, the retailer shall be able to identify the geographic location of all delivery vehicles that are making deliveries for the retailer and shall provide that information to the Bureau upon request. Upon request, the retailer will provide the California Cannabis Control Bureau with information regarding any motor vehicles used for the delivery of cannabis goods, while making deliveries, the applicant's delivery employee shall not carry cannabis goods worth in excess of \$3,000 at any time. This value shall be determined using the current retail price of all cannabis goods including the vehicle's make, model, color, Vehicle Identification Number, license plate number and Department of Motor Vehicles registration.

The delivery service will have a menu available on their website and customers can either place their orders over the phone or online. In order to set up a delivery they will require a photo or scan of the customers Government issued ID be sent to us prior to the ordering process. The customer will send over all necessary information and will have a profile created within the point of sale system. The order will go into the system and be pulled by an employee at the retail facility. Once the order is filled it will be placed in an exit bag with a receipt affixed to the bag. The receipt will include, the name of the customer, their assigned ID number, delivery address, description of the cannabis items, total amount paid by the customer including all taxes, name and address of the facility making the delivery, the name and id number of the employee making the delivery, and the name and id number of the employee who prepared the delivery. The driver will retain an additional copy of the receipt to be signed by the customer upon receipt of the delivery. There will be space provided to have the date and time written in of when the delivery was made.

While making deliveries of cannabis goods, the applicant's employee shall only travel from the licensed premises to the delivery address; from one delivery address to another delivery address; or from a delivery address back to the applicant's licensed premises. The applicant's

delivery employee will not deviate from the delivery paths described in this section, except for necessary rest, fuel, or vehicle repair stops, or because road conditions make continued use of the route unsafe, impossible, or impracticable.

4. REGULATORY LAWS AND PROCEDURES

The applicant will follow Cal. Code Regs. tit. 16 § 5410 & 5411 pertaining to allowing returns of purchased cannabis and giving away free under certain restrictions. Applicant will not package or label cannabis goods and not accept, possess or sell cannabis goods that are not packaged as they will be sold at final sale. Cannabis goods purchased at applicants site by a customer shall not leave the retailer's premises unless goods are placed in an opaque exit package. Applicant will not have on-site or on-staff physician to evaluate patients and provide a recommendation for Cannabis the goods are placed in an opaque exit package. Applicant will not have on-site or on-staff physician to evaluate patients and provide a recommendation for Cannabis package. Applicant will not have on-site or on-staff physician to evaluate patients and provide a recommendation for Cannabis. Applicant will not have on-site or on-staff physician to evaluate patients and provide a recommendation for Cannabis. In addition to the retail operations established in this section, the consumption of Cannabis and Cannabis Products on-site shall not be permitted by patients or customers.

D. Zoning and General Plan Consistency

This project will add to the commercial diversity of the Montgomery and Summerfield shopping area providing access to residents in Eastern Santa Rosa and will "continue to promote Santa Rosa as the North Bay's premier location for...entrepreneurial businesses, which create new products and business models that will attract national and international markets." (Santa Rosa General Plan EV-A-1) Additionally, the project will provide a "mix of jobs" through the combination of retail clerks, delivery drivers, compliance technicians. (Santa Rosa General Plan EV-A-5). Finally, the project will promote local North Coast cannabis predominantly processed or manufactured in the greater Santa Rosa area increasing business-to-business commerce within Santa Rosa. (Santa Rosa General Plan EV-B-4)

E. Dual State Licensing

The applicant, prior to occupancy, will apply for and receive a type 10 retail license from the Bureau of Cannabis Control. Additionally, all software and staff training to comply with the Track and Trace system regulated by the California Department of Food and Agriculture will be implemented with ongoing training occurring to ensure up to date knowledge of the staff.

F. Dual EHS Permitting

To achieve the required dual licensing with the Environmental Health Service (EHS) Department, the applicant will apply for and not begin selling edible products until receiving a

permit from EHS. To ensure the project is compliant with EHS requirements, these specific features and procedures will be included in the project:

- a. Menu for Edible Cannabis Products offered for sale at the dispensary: A list of all edible cannabis products will be maintained and submitted to EHS as part of the application process. Should new items be added, EHS will be notified prior to the new product being offered in a manner and timeline that meets any requirements EHS places on the permit.
- b. Toilet facilities: EHS is requiring toilet facilities that are employee accessible. As such, the project is proposing to improve the existing facilities to meet American with Disabilities Act requirements and will submit plans to EHS showing these improvements when the application is submitted.
- c. Flooring: EHS is requiring the flooring in areas where cannabis products are stored and in toilet facilities to be smooth, non-permeable and easily cleanable. As such this project will use material identified by licensed professionals to achieve this requirement.
- d. Hand Wash sink(s): EHS is requiring a sink dedicated for handwashing with hot and cold water and equipped with mounted soap and a towel dispenser which is easily accessible to employees. The hand wash sink is located within the facility bathroom.
- e. Storage of Cannabis Products/Inventory:
 - i. EHS requires edible cannabis goods be stored in a building designed to permit control of temperature and humidity and will prevent the entry of environmental contaminants such as smoke and dust. The area in which edible medical cannabis goods are stored also may not be exposed to direct sunlight.

The storage area and product display areas of the facility will meet this requirement through mechanical improvements proposed by our mechanical engineer, Jeff Warner, PE. Also, no edible cannabis goods will be displayed in an area that receives direct sunlight. The storage area has no exposure to sunlight.

- ii. EHS requires that edible cannabis products will be protected from contamination by storing the products in a clean, dry location, where they are not exposed to splash, dust, vermin or other forms of contamination or adulteration, and at least six inches above the floor. This area must include cleanable shelves.

The project storage area will meet these requirements using shelving which gives six inches of clearance from the floor. Additionally, the daily operating procedures will include janitorial maintenance of the storage area to insure cleanliness.

- f. EHS requires that storage areas must be under continuous video-monitoring and recording and secured in accordance with the Security Plan.

As outlined in the security section, all cannabis storage areas will be under 24-hour security camera surveillance with 90-day retention of video footage in compliance with state law.

- g. Lighting: EHS requires shatterproof shields be placed on lights above cannabis product storage.

The lighting requirements will be met through interior improvements that also meet City of Santa Rosa light requirements. At least 50-foot candles of lighting intensity will be provided in areas where employees are present.

- h. Refuse: All edible medical cannabis waste are required to be quarantined and rendered unusable and unrecognizable under video monitoring. This requirement will be met by the proposed video monitoring of all areas in which cannabis is located and through the use of a vendor who meets state requirements for waste disposal.
- i. Water supply: The water supply is provided through City of Santa Rosa utilities and meets EHS requirements.
- j. Sewage disposal: Sewage disposal is provided through City of Santa Rosa utilities and meets EHS requirements.