

Northern Coast, LLC

Santa Rosa Conditional Use Permit Application

Medical and Recreational Cannabis Retail Dispensary, State License Type 10

City of Santa Rosa

AUG 09 2018

Planning & Economic
Development Department

1137 Petaluma Hill Road, Santa Rosa, CA 95404

CUP18-064

Name: Northern Coast, LLC

Address: 1137 Petaluma Hill Road, Santa Rosa, CA 95404

APN: 038-112-035

Zoning: CG

Building Size: 1661

Occupied space: 1243

Lot Size: 6500

General Plan Designation: Light Industrial

Project Description Summary:

The applicant proposes a medical and recreational cannabis retail business, including delivery services, located within an existing building at 1137 Petaluma Hill Road. The cannabis activities will occupy approximately 1,015 square feet of the total 1661 square feet of available space in the building. The unit currently contains no cannabis activities and has been previously occupied by a warehouse.

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CUP Application

See Santa Rosa City CUP application attached (Tab 1)

Indemnification Form

See Indemnification Form attached with CUP Application (Tab 1)

Copyright Materials Release

See copyright materials release form attached with CUP Application (Tab 1)

Agent Authorization Form

See Agent Authorization Form attached (Tab 1)

Disclosure Form

See Disclosure Form attached (Tab 2)

Articles of Incorporation

See Articles of Incorporation attached (Tab 3)

Proof of Land Ownership

See Proof of Land Ownership (Tab 3)

Storm Water Determination Worksheet

No exterior modifications to the building or footprint are proposed at this time. The proposed site creates 6,500 or less square feet of impervious surface.

(See Storm Water Determination Worksheet attached Tab 4)

Storefront/Signage/Design

See Storefront, Signage and Design Drawing (Tab 5)

Neighborhood Context

See Neighborhood Context Map (Tab 6)

Plans

Please see Plans attached:

- Vicinity Map (Tab 7)
- Site Plan (Tab 7)
- Floor Plan (Tab 7)

Project Description

The applicant proposes a medical and recreational cannabis retail business, including delivery services, located within an existing building at 1137 Petaluma Hill Road. The cannabis activities will occupy approximately 1,015 square feet of the total 1661 square feet of available space in the building. The unit currently contains no cannabis activities and has been previously occupied by a warehouse.

- Recreational/Medical dispensary: 1,015 square feet

Local and State Compliance – Operational Plan (instore and delivery)

1. Maintain an employee register compliant with state and local laws and regulations.
2. All records generated and stored by Northern Coast, LLC shall meet the reporting requirements set forth by applicable state and local government entities including the Bureau of Cannabis Control. Reports will be in compliance with state laws and regulations and submitted in a timely manner through the Track and Trace platform or as requested by the regulatory entity.
3. Northern Coast, LLC shall publish and implement required information on protocols and requirements for patients and persons entering the site. Below is a brief overview of the customer flow at retail location:
 - a. Potential new customers will be met at the door by a staff member and handed an iPad to submit required information. Returning customers will be required to provide valid identification which will enable reception staff to verify necessary information has already been collected and that age and medical requirements, as applicable, are met. All medical patients, new and returning, will be processed in a manner that ensures confidentiality and compliance with HIPPA.
 - b. The customer will then be directed to a receptionist to sign into a que for entering the retail floor. Information input by new customers will be validated by the receptionist who will also verify identification to ensure all customers entering the product area meet age and medical requirements as applicable.
 - c. Once forms are completed and verified, identification has been verified and recorded, and customer is ready to enter the retail floor

they will be provided a bag check option. Note: no cellphones or large bags allowed on the retail floor.

- d. At point of entry the customer will be provide tailored experience based on new customer, medical or recreational, first time ever in cannabis retail or experienced shopper.
 - e. Based on the customer's level of experience or privacy needs they will have opportunity to learn more about the products and effects to further guide them in an educated purchase.
 - f. All cannabis products will be selected by the customer and held behind the counter until time of purchase.
 - g. At time of purchase, staff will discuss dosage recommendations and safe storage practices with the customer. Payment options will include cash, credit, check or use of onsite ATM machine.
 - h. All products will be placed in a child resistant and opaque exit bag that a customer can reuse at next visit.
 - i. Customers will be escorted to the exit leading to the greeting room in which they can pick up any checked bags/items and will exit through the primary entrance/exit door.
4. Below is a brief overview of the process for delivery:
- a. Customers will request product through website maintained by Northern Coast, LLC.
 - b. Staff will congregate products for multiple deliveries ensuring that product value does not exceed \$10,000 in value or current
 - c. requirements of state law and regulations.
 - d. Before leaving the retail site, the driver will be provided an inventory ledger with details of all product for delivery. Ledger will be updated by driver after each delivery.
 - e. Driver will maintain a log that includes all stops, and reasons for each stop. Log will be provided to retail management upon return. Logs will be maintained as required by state laws and regulations.
 - f. Product for each delivery will be bagged in child resistant and opaque exit bag and labeled with customer name and accompanied by a delivery request receipt.
 - g. Drivers will map route for deliveries and take the most direct route between customers and will return to the retail location immediately after last delivery.
 - h. All product will be delivered in vehicles meeting state requirements and product will be held in a locked container secured on the inside of the vehicle.
 - i. At each delivery location, the driver will validate identification and medical status of customer as applicable, add the time and date of delivery to the delivery request receipt and obtain a customer signature validating delivery.

5. Identify secured access and secured product locations; and
 - a. Product stock will be contained in a secured vault with limited access.
 - b. Product in transition will be held in secondary secured location for activities such as: intake from distribution delivery, product inventory management, prep for retail stock.
 - c. The majority of retail sales floor back stock will be held in a secured location in the back of the dispensary separate from the sales floor and greeting room. Anticipated daily retail stock will be maintained in secured areas (cabinets/draws) within the sales room with limited access to approved personnel only.
 - d. Sales product that contains cannabis will be held on secured shelves visible to the customer. Non-cannabis infused products will be held on open shelves available to the customer for pick up through the shopping experience.
6. Northern Coast, LLC shall have a copy of valid State License and all signage required by laws and regulations displayed for public view at all times.

Neighborhood Compatibility

This neighborhood is currently used for retail and service-based businesses. Our neighbor to the south is an appliance parts store and our neighbor to the north is a vacant building. Across the street are restaurants and retail sites. Our proposed retail dispensary will fit perfectly into existing businesses. The site is not near any schools or residential areas and we will not be conducting operations that will create odors. We will incorporate the use of carbon filters in our HVAC system to ensure that as well.

Our operations team has extensive retail and customer service experience and our conceptual design team has created a high-end apothecary design aesthetic for the exterior and interior of the building. We will be incorporating high-end light fixtures for both exterior and interior lighting and our front windows and entrance will be designed to complement our interior design aesthetic of an apothecary.

Our dispensary will increase foot traffic and the visibility of neighboring retail businesses. Our storefront will have a very pleasing aesthetic adding to the beautification of the neighborhood. It is our goal that the entire neighborhood, benefit from the upgrade in visual aesthetics to this existing building.

Once approval is received for our retail business we will begin building improvements upgrades immediately and anticipate the build out to take 1 month.

Neighborhood Enhancement

The existing building is a simple non-descript brick cinder block style with barred windows and little street appeal. Our retail dispensary will significantly enhance the neighborhood because we are investing in an aesthetically pleasing Apothecary; with high shelving, library ladders, elegant display cases. Asian style hemp uniforms will be worn by employees.

The building will have new windows, updated signage and the driveway will be opened up to allow parking on north the side of the building, this area is currently blocked with fencing. There will be ample parking and room to enter and exit the parking area from the street. We plan simple drought tolerant landscaping on the northern property line.

We will be using minimal water other than employee break needs and restroom. Our green practices have been captured in our narrative for our Business Plan above as well as our programs to give back 5% of our profits to the community and offer discounts for seniors and veterans.

Our commitment to sustainability will be demonstrated through our best management practices:

- We are installing a charging station for our customers who drive electric vehicles and we will be using electric vehicles ourselves for the delivery aspect of our business;
- We will install solar panels, which is 98% efficient in its directional placement;
- We will purchase 100% renewable power from EverGreen-Sonoma Clean Power from PGE for needs over and above what our solar system will support;
- We are committed to donate 5% of our profits will go back to local causes within Sonoma County:
 - o Regenerative farming (seeds, watershed repair)
 - o Fire affected farmers in Northern California
 - o Fire affected families in Santa Rosa
 - o Environmental education grants to local schools

Convictions

No owners or managers of Northern Coast, LLC have any felony convictions.

Evidence of Operator Qualifications

Elliott Waldman - Director of Supply Chain

Elliott grew up in Seattle, WA and completed his degree in agriculture at the University of British Columbia. He moved to Mendocino County to apply his agricultural knowledge to the cannabis cultivation industry and has worked with several farmers in Northern California. Last October while living and working at Raven Gardens, Redwood Valley was hit by a horrendous wildfire that claimed almost every structure on the property as well as the lives of multiple neighbors. This experience was extremely impressionable upon Elliott and instilled a greater desire for strong community connections and the inherent value of neighborly bonds. As the Supply Chain Director, he will be in charge of supplying customers with only the highest quality cannabis products from farmers who share his value for land stewardship.

Tarou Scott – Director of Operations

Tarou Scott is an experienced entrepreneur in the field of medicinal cannabis retail. He earned his degree in business at Saint Mary's, majoring in marketing and entrepreneurship. He graduated with honors and was able to fund his own education through hard work and dedication. While in university he partnered with a childhood friend and started a medical dispensary and soon after opened a second location. As the Operational Director of Northern Coast, LLC, he brings with him a deep understanding of the industry and direct entrepreneurial experience associated with creating and running two successful medicinal cannabis retail locations. He values great customer service and quality selection as the keys to building a loyal, repeat customer base as this is the foundation to success in this industry.

Jeff Covey – Partner, Property Owner

Jeff Covey is a northern California native was raised in Calistoga/Saint Helena. He purchased the property at 1137 Petaluma Hill Rd. and feels very strongly about the neighborhood and its potential and has strong working relationships with his neighbors. Jeff has worked in fabrication and design and has worked with Karen Waikiki (owner of El Molino Central), and Steve Decosse (owner of Acre). Jeff worked with Organnicann, designing a harvest specific product along with Dona Frank and Lauren Goodwin. His expertise in design and familiarity with the cannabis industry here in Sonoma County will help to create something this industry has not yet seen; an extremely well-considered and curated dispensary built and managed with integrity and quality at its forefront.

Building and Fire Codes

Building Improvements

The Applicant intends to conduct building improvements to enhance the layout design for the proposed use and to improve the overall character and safety of the building. The Applicant will adhere to all 2016 California Building, Fire, Mechanical, Electrical and Plumbing Codes. Fire and Life Safety features will meet the National Fire Protection Association (NFPA) Standards. In addition, the applicant will adhere to the new California Fire Code Chapter 38 regarding plant extraction and processing and be guided by the City of Santa Rosa Building and Fire Code Requirements for Cannabis Occupancies.

Security Plan

The Applicant's security plan is intended to prevent theft or diversion of any cannabis, as well as to discourage loitering, crime, and illegal or nuisance activities. The entrances have locked and secured doors. There are exterior and interior video surveillance systems. The surveillance system will be maintained in good working condition, and surveillance videos will be maintained for 30 days, or as required by local or state law. Management will require that employees follow necessary procedures to ensure that cannabis and any related by-products from the project site are not visible or accessible to the public. No weapons or firearms will be allowed at the distribution site.

All deliveries and pickups will be scheduled in advance and a member of management will authorize access for the scheduled delivery time by person pre-approved to deliver materials to the site. Every employee will be required to participate in training to learn the Applicant's security and safety protocols required for continuous employment. The Applicant will mandate that all employees be well versed in all security procedures. Additionally, the Applicant will adapt the security plan to comply with state laws and regulations for cannabis licensing security requirements.

For transportation of cannabis and cannabis products, the Applicant will use secure vehicles with alarm systems. The Applicant will tailor the vehicle security requirements based on the anticipated regulations from the relevant state agencies.

(See detailed Security Plan in separate binder)

Employee Plan

Northern Coast, LLC will use the Santa Rosa and Sonoma County employee pool as a primary hiring resource and employ a maximum of 20 employees. All potential employees will be required to submit to a Live Scan background check. All employees will be trained on workplace safety, security, operating procedures, and best management practices. Specialized trainings include Injury and Illness Prevention Plan training, Hazardous communication plan, and site security.

Northern Coast, LLC prohibits the use, sale, possession, purchase or transfer of illegal drugs on company property. Although cannabis and alcohol are not considered an illegal drug, company policy prohibits employee use of cannabis or alcohol during work hours. Purchasing or selling of illegal cannabis or alcohol during work hours is strictly prohibited.

Northern Coast, LLC will comply with all federal and state labor laws and regulations including federal and state wage and hour laws, CAL/OSHA, and OSHA.

Outdoor Lighting

The Applicant will ensure that all exterior lighting will be shielded and downcast to avoid casting light onto the night sky or neighboring parcels. Exterior lighting will be strategically located to ensure safe entrance and exit to the facility, provide illumination to public right of way, and assist in mitigating security concerns.

Noise

The Applicant will comply with all noise standards set forth by the City of Santa Rosa in Chapter 17-16. All odor control and HVAC mechanical systems will be verified not to exceed noise standards. No generators will be used on site except as a short-term emergency back-up system.

Accessory Uses

Accessory uses in the building include office space, vault rooms, employee break room, conference room, secure storage, and ADA compliant bathroom facilities. The square footage associated with each use will be divided as such:

- Retail area: 1015 square feet
- Office space: 75 square feet
- Secure Storage: 71 square feet
- Unisex-ADA bathroom facilities: 82 square feet
- Enclosed parking garage: 418 square feet

Neighborhood Context

The proposed Cannabis Retail business is within a general plan area containing industrial uses. The proposed location is not within 600 feet of any K-12 school as defined by the state and is not within 600 feet of any other Cannabis Retail facilities.

Traffic/Parking

The proposed location complies with the parking requirements set forth in the Santa Rosa City Ordinance (ORD-2017-025). The proposed facility has 7 parking spaces allocated in the parking lot, one of which is ADA compliant, which meets the City of Santa Rosa parking requirements.

Employee traffic will be mitigated by the inclusion of bike racks, ride shares, and a bus station within walking distance to the facility. Employees will be encouraged to schedule ride shares, bike to work, or utilize public transport to help mitigate the effects of traffic in the area.

Hours of Operation

Northern Coast, LLC plans to operate during the business hours of 9am to 9pm, 7 days a week unless the review authority imposes more restrictive hours.

Northern Coast, LLC

Cannabis Dispensary Business Plan

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Company Mission Statement

Our mission at Northern is to provide patients and customers with safe access to premium quality cannabis products, at affordable and competitive prices. Our aim is to improve the quality of lives of our patients and customers, employees, vendors, and neighbors through access to affordable life-enhancing products, employment opportunities, and being a clean, colorful, and welcoming business in a predominantly grey neighborhood.

Company Philosophy

Northern will operate on a code of community values and corporate social responsibility. We plan to run our business ethically, and in compliance with all applicable laws and regulations. We are devoted to our workers and customers and aim to facilitate a friendly, safe, and enjoyable experience for everyone visiting and working at our store. After being directly affected by the Redwood Valley fires in Mendocino County, the Northern owners and operators are committed to giving back to those affected by the fire within our community. We feel inclined to do our part in assisting with the rebuilding effort of members of our community through donation collections, employment opportunities, and by providing access to quality medicinal and non-medicinal cannabis and cannabis products.

Vision

The vision of Northern is to expand and build our brand to become recognized as a valued contributor to the cannabis community in northern California and at large. We plan to expand our influence on the market with delivery services and progress to offering our cannabis products and services throughout the state and eventually nation-wide.

Company Goals

Our short-term growth goal is to improve our monthly revenue by 20% over the previous month, every month during our first year of operation. Every month our goal is to sign up a total of 500 new medicinal and non-medicinal customers and provide them each with a positive and memorable experience. Our year one sales revenue target is \$500,000 per month and we plan to continue to grow at a steady rate of 20%. Once we reach this goal of monthly revenue we will look to expand our services by opening new stores in other counties and states.

Target Market

Our target market consists of adults with doctor recommendations to use medicinal cannabis and recreational users of legal age. We aim to attract any and all potential customers from the curious to the connoisseurs. We will stock a variety of products to cater to all cannabis customers and provide them with a wide variety of high quality cannabis products at a fair price.

Industry

The cannabis industry is undergoing rapid growth with a wide variety of products and producers thanks to the momentum of the cannabis legalization movement. Legalization is becoming a strategy for state governments all across the United States with 29 states offering legal medicinal cannabis and 9 states (currently) and the District of Columbia offering legal access to cannabis to recreational users over the age of 21. Colorado's recreational cannabis market has accrued

revenue of over \$1Billion, and with California's entry into the adult-use cannabis market. Low estimates predict California will expect revenues of \$5.3Billion dollars from cannabis related sales in its first year. Because of our connections to licensed cultivators and producers in northern California, we have access to a wide variety of cannabis strains; edibles, oils, and other approved and licensed products at a price that is cheaper than our competitors buying at the same volume.

Legal Structure

This business is a partnership between two people, established as a Limited Liability Corporation, with silent investors owning percentages in the company as well. Percentage in partnership will be divided roughly 45% to each partner, and 10% to angel investors (to be discussed with lawyers). If we need to raise capital down the road, we will be able to do that through a Series A funding round. Working with cannabis savvy lawyers and compliance personnel will be imperative to our success in complying with each law and regulation set out by the state and county. Hiring an accountant and making sure we are paying our taxes on time will be necessary to a long-standing relationship with local and state governments.

Products and Services

We will offer a variety of cannabis products such as oils, extracts, tinctures, topical, flower, and edibles. We will take recommendations from customers, while performing regular market research and respond to high demand for a certain product. The products we will sell are those produced in California and sourced locally, whenever possible. We will utilize our connections to licensed cultivators and manufactures of one of the partners along with a licensed transportation and distribution company to bring legal, high-quality, locally grown cannabis products to patients and customers in Sonoma county. This will greatly reduce our start-up costs and enable us to offer a wide selection to every legal cannabis consumer. Fires in northern California have also affected many of our vendors and giving them an outlet to sell their legal products as well as a platform to tell their stories is something that will help entrench us within the Sonoma county community.

Service Solutions

Issues of obtaining medical or recreational cannabis products will be solved with our quick and easy location. We will also resolve financial issues by providing our products at a lower price than our competitors. With the surge of recreational users with the legalization in January, we are eager to obtain customers of legal age in Sonoma County as clients, as this will become a huge target of our marketing campaign. This customer base has been largely untouched because of strongly enforced medicinal laws and with the legal recreational market in its infancy, this is a huge audience that can be pulled away from the black market. With the doors opening to recreational use, this large portion of consumers will be looking for somewhere to go regularly and our ability to provide affordable prices in a vibrant atmosphere and central location will draw these customers in.

Competitive Advantages

Our main competitive advantages are the store concept, design, and location and personal connections to local growers and manufacturers. In addition, we plan to employ an effective two-prong marketing strategy aimed at both our distributors and consumers. This will ensure that we have the highest quality products available as well as to educate consumers on our different product lines and services.

Pricing

Our strategy will be to price ourselves affordably and competitively. We will focus on offering cheaper high-quality locally based products, while still offering a wide selection.

Marketing Plan

Prior to our launch we will seek to create consumer awareness and interest in our store through targeted digital campaigns. These campaigns will include two pillars of a social media social strategy (paying for marketing, and developing content), search engine optimization, and search engine marketing (google Ad words). We will outsource many of our marketing efforts to agencies who can manage our entire content creation process from end to end. While we have a good idea of the direction of our marketing strategy, it is more efficient for us to outsource this aspect of the business.

Market Research

The size of the industry is large and growing fast with recreational use being legalized in January 2018. In Sonoma County there are roughly 600,000 people, and the population has been steadily rising with an influx from the Bay Area and elsewhere. A realistic projection is to obtain at least ten thousand new customers at by end of the first year. We base these projections on key indicators that we have identified, such as number of cannabis consumers of age in Sonoma county, foot traffic in the area, etc. Trends in the market change quickly based on product quality and new products entering the market. We will cater to both of these needs by listening to our customer needs and carrying quality local cannabis products.

Primary research for us consisted of testing products from different medical dispensaries in Santa Rosa, for quality and price. We talked with owners of dispensaries in other recreational states and security companies who work locally in Santa Rosa. In addition, one of our founders has managed a dispensary for the past year and is familiar with the day-to-day operations of a cannabis retail store front

Barriers to Entry

Startup costs in this industry are moderate because we work on a mostly consignment basis with many of our producers. The main startup costs considered are; rent, utilities, tenant improvements, signage, security, and taxes. Expenses will be high in the first operational quarter but will drop once the store is operational. Marketing will be a major expense specifically for the first quarter. Brand recognition will be a challenge as there are well-established medical dispensaries and we anticipate there will be an influx of new retail dispensaries with the new laws. We will overcome these challenges by stocking a large selection of quality products,

directed marketing, promoting our local farmers, community service and daily promotions. We will be utilizing well-developed point of sales software specific to cannabis dispensaries. Our registers will use iPads and we will have an ATM in our store to facilitate cash transactions.