

City of Santa Rosa

APR 19 2018

Planning & Economic  
Development Department

Dear Committee Selection Members,

We are NKM Enterprises; an ethnically diverse and highly experienced female comprised of top professionals in the cannabis industry.

Award-winning, our group is a 100% regulatory-adherent team of women, and a few great men, with backgrounds in the health and wellness sector, wine production, retail sales and the cannabis industry. As business professionals, we have built top wineries and developed globally recognized brands. We are confident that our retail cannabis operation will mirror the success of our current retail companies. We aim to be a shining beacon of what a compliant, profitable and safe dispensary can and should represent.

We are honored to be applying for consideration as one of Santa Rosa's cannabis dispensaries. Santa Rosa is home to all members of NKM Enterprises and we are proud to consider ourselves locals of this beautiful town. Two members of our group are second generation, one member is a 5th generation Santa Rosa native, and our COO, having unfortunately lost her home in the devastating Tubbs fire, has lived in Santa Rosa for the last 15 years. We are fully committed to, and familiar with, the needs of our beloved community. Furthermore, we are not only dedicated in theory, but are physically present and able to manage our dispensary. We see our daily attendance to both the business endeavor and the community as critical to the success of this operation.

Our vision is to create a world-class dispensary that the city of Santa Rosa will be proud of. The city's core values will be evident in our impeccable professional operations, our steadfast compliance and genuine relationships with the city, our patients, and our neighbors. NKM Enterprises was formed with the core mission to elevate the cannabis experience by reimagining how people approach a health-conscious lifestyle. We strive to enlighten new users and to advance the reputation of the cannabis industry through proper education. This dispensary will be an exceptional blend of care, craftsmanship, and respect for nature.

We are dedicated to providing safe and legal cannabis access to qualified patients in conformance with all laws and regulations. Our team of cannabis wellness advisors are recognized in the community as go-to resources and experts in cannabis education and guidance, and our patient's can count on us for reliable and educated consultations. Beyond this noble objective, we plan to give back to the community through quarterly outreach programs such as "Re-plant Sonoma County" and watershed clean-up volunteer days. This venture is not only mindful of reducing our own carbon footprint, but is taking steps towards actually reversing it. We strive to work with cultivators who focus on organic methods, reduce water usage, and farm in a way that increases the organic matter in soils.

The brand we are proposing to bring to Santa Rosa will give cannabis an elevated makeover. As cannabis slowly becomes more mainstream, the attitudes surrounding it have become more cultured. We wish to further refine that reputation. Our brand, TSO Sonoma, seeks to create a luxury cannabis market in Sonoma County and beyond. Reflecting the unique terroir of its environment, TSO Sonoma is carefully crafted, organically sun-grown cannabis, pesticide free,

and non-GMO. Through regenerative farming, we focus on ecological, social, and economic sustainability. TSO Sonoma provides the finest quality cannabis and CBD strains guaranteed to meet the highest standards of purity and quality.

In this fledgling market, one of our greatest strengths is the developed long-term working relationships among our team members. Enhanced by friendships built over the years, our unique professional camaraderie provides us with an advantageous ability to navigate circumstances and problem solve. Our previous successes are a direct result of the entire team's ability to work together cohesively and cooperatively towards a shared goal and vision. We are united by our desire to help people, our community and our esteemed city of Santa Rosa.

We have a proven model of excellence and have shown unwavering compliance in both the wine and cannabis industries. Based on the 40 collective years of combined experience, our team has cooperated with, and positively contributed to, all the cities we have operated in. TSO Sonoma, established by some of the top professionals in the cannabis industry and with the developed viticulture knowledge from the region's other highly regulated industry, plans to not only follow in the footsteps, but advance what the prosperous wineries have done for the community in regards to generating tourism and, thusly, increasing tax dollars and strengthening Sonoma County's economy.

Leading our team as CEO is Devika Maskey, Founder and President of the luxury cannabis brand TSO Sonoma, and President of Ellipsis Wine Company. She attended Cal Poly San Luis Obispo, and graduated with a degree in Wine and Viticulture with a concentration in wine business development. Maskey's experience within the regulated alcohol industry, specifically wine and its viticulture practices, is lending itself to her new role in the cannabis industry.

Akin to wine, cannabis is sophisticated and has many health benefits. Upon surveying the existing cannabis industry, Maskey realized there was a huge opportunity to help functioning professionals like herself achieve a higher level of overall wellness. No longer heavily ostracized, premium cannabis products are becoming a part of the health conscious lifestyle of the community's working professionals. For Maskey, the brand has a responsibility to guide the necessary dialogue and provide essential education regarding safe consumption for all consumers. As the market develops, it is important that people know how to partake correctly and are encouraged to ask questions. The female demographic, in particular, was being neglected in what, up until now, has been a very male dominated industry. Aware of this imbalance, Maskey also recently co-founded the women's network, Industry Power Women, to provide support to female entrepreneurs in an effort to guarantee success. Maskey continues to assert herself and her initiatives as an efficacious resource for Santa Rosa.

With 12 years of experience designing events and tastings in the premium wine business, Maskey recently shifted her focus away from grapes and towards cannabis. She desired to create similarly regulated, quality experiences in the emerging cannabis tourism industry. Maskey saw the opportunity to host cannabis events as a way to educate the community, normalize the plant, and progress the attitudes surrounding the industry. She believes sophisticated events like the ones TSO Sonoma hosts will become a staple in the California cannabis infrastructure. With Sonoma County being the hub for an authentic gold standard in food, wine, and cannabis, it

seemed only natural to create a cannabis brand that reflected that same commitment to excellence the county is known for across the nation.

NKM Enterprise's COO is Allison Kosta, fellow winemaker and accomplished event planner with over 15 years of experience in the food and wine industry. Her knowledge and hands-on operational and compliance experience is precise and measurable. Having studied viticulture in Sonoma County and earned her 2nd level wine credential from WSet, Kosta owned and operated Kosta Browne Winery before moving on to start a second wine label, AldenAlli in 2012. Raised in Northern California and a resident of Sonoma County for the last decade, Kosta manages her own health coaching business, has supported a number of charities serving disadvantaged children, and has organized many successful charitable events including the 49er Foundation, The Emeril Lagasse Foundation and The San Francisco Chapter Make-a-Wish Foundation. An entrepreneur with a passion for health and wellness, Kosta was introduced to cannabis while researching healthy alternatives to prescription drugs. After being shown the powerful benefits, she was eager to learn everything she could the industry. Inspired by women-led brands within the cannabis space, Kosta joined the TSO Sonoma team and manages creating unique experiences that elevate and progress the cannabis conversation.

The VP of Production is Jonathan Neisingh, a 5th generation Santa Rosa native with over 16 years of agribusiness experience. He has had an active role in every aspect of organic cannabis production; from the cultivation and manufacturing to the sales and marketing. In addition to his breadth of expertise within the cannabis industry, Neisingh was also an owner and manager of a winery business for over a decade. Passionate about holistic medicine, Neisingh's focus centers on discovering which specific cannabis strains help specific ailments. Also an advocate for cleaner growing practices, Neisingh sees the operation as being a pillar of support for other agriculturalists in the area.

Serving as CFO is David Riley, a former senior executive with Lowepro US, who has had ties with Sonoma County since 1966. For our team, cannabis is not just the latest business opportunity, it's a sophisticated and proven medicine that Santa Rosa should have proper access to and education around.

We are very proud to present NKM Enterprises to our home town of Santa Rosa. We are confident that our executive team and the collective experience of our professional cannabis advisors' meets all of the eligibility requirements. We are certain that we not only comply with all requested selection criteria, but that we hold maximum percentages in every category. We pledge to make the cannabis experience more approachable for users and advantageous for the environment while uplifting Santa Rosa's economy and staying true to the prestige of the region. We thank the Selection Committee for your considerate review of our application for the Cannabis Retail Permit recommendation.

We appreciate your time,

NKM Enterprises

*Media coverage for reference:*

**CNBC:**

<https://www.cnn.com/2017/08/13/california-finds-pot-of-gold-in-wine-and-weed.html>

**San Francisco Chronicle:**

<https://www.sfchronicle.com/wine/article/Wine-veteran-hopes-to-elevate-cannabis-with-wine-12819093.php>

**Gold Medal Wine Club:**

<https://www.goldmedalwineclub.com/winery/ellipsis-wine-company-napa-valley-ava>

**Green State - SF Chronicle:**

<http://www.greenstate.com/culture/cannabis-takes-lesson-wine-herba-buena/>

**Green Market Report:**

<https://www.greenmarketreport.com/women-using-cannabis-according-eaze-data/>

**Civilized:**

<https://www.civilized.life/articles/cannabis-industry-power-women-bring-together-top-female-entrepreneurs-at-the-helm-of-a-10-billion-industry/>

**Pop Sugar:**

<https://www.popsugar.com/news/Weed-Wine-Pairings-44182633>

**Green Market Report:**

<https://www.greenmarketreport.com/5-trends-for-luxury-cannabis-brands/>

**Herb:**

<https://herb.co/marijuana/news/10-best-vape-pens-for-anxiety>

**Napa Sonoma Magazine**

<http://www.napasonomamagazine.com/Napa-Sonoma-Mag/October-2015/Sonoma-Wine-Country-Weekend/>

**Pinotfile:**

<http://www.princeofpinot.com/winery/2748/>

**Forbes:**

<https://www.forbes.com/sites/ambergibson/2017/07/19/kosta-browne-20-years-later/#b5c822a6f697>

City of Santa Rosa

JUN 21 2018

Planning & Economic  
Development Department



# City of Santa Rosa

## Cannabis Microbusiness (Type 12)

### Conditional Use Permit

<b>Date</b>	June 21, 2018
<b>Applicant &amp; Company</b>	NKM Enterprises, Inc.
<b>Responsible Person</b>	Allison Kosta, COO
<b>Project Site Address</b>	468 Yolanda Avenue, Units 304 and 305
<b>Permit Type</b>	Adult-Use Microbusiness with Retail (Type 12)
<b>Zoning</b>	IL (Light Industrial)
<b>General Plan Designation</b>	Light Industry

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## PROJECT NARRATIVE

Applicant: NKM Enterprises, Inc.  
Address: 468 Yolanda Avenue, #304 & #305  
APN: 044-091-066  
Zoning: IL  
Lot Size: 2.36 acres  
Unit Size: Approximately 3,712 square feet  
CUP: Adult-Use Microbusiness with Retail, Type 12 Permit

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### STATEMENT PURPOSE

The purpose of this statement is to support the adult-use cannabis microbusiness Conditional Use Permit (“CUP”) filed by NKM Enterprises, Inc. (the “Applicant”). This statement provides details about the proposed microbusiness site which complies with the City of Santa Rosa Ordinance Number ORD-2017-025 (the “Ordinance”) and with the Bureau of Cannabis Control (“BCC”) Emergency Regulations, the California Department of Food and Agriculture Cannabis Cultivation Emergency Regulations, and the California Department of Public Manufactured Cannabis Safety Branch Emergency Regulations (collectively the “Regulations”).

### PROPOSAL SUMMARY

The Applicant proposes a commercial, adult-use microbusiness cannabis operation within a 3,712 -square foot facility on a 2.36-acre IL zoned parcel located at 468 Yolanda Avenue, suites 304 and 305 in the City of Santa Rosa (the “Premises”). The Applicant will eventually cultivate, manufacture, distribute, and operate a retail and delivery service at the Premises.

Applicant hopes to not only operate a successful cannabis microbusiness, but also strives to educate the public about the benefits and uses of cannabis. Applicant’s passion of bringing the holistic properties of cannabis to light is rivaled only by their desire to educate the community about proper methodology relating to not only cannabis consumption, but also production. Applicant understands and appreciates carefully curated and organically sun-grown cannabis and environmentally mindful manufactured cannabis products. Applicant has developed their brand, TSO Sonoma, with these principles in mind. With a mission of enlightening new users and advancing the reputation of cannabis through proper education, the luxury brand promotes a re-imagined cannabis inclusive healthy lifestyle.

### PROPERTY OWNER CONSENT

The property owner, Robert Schultze, supports this operation as evidenced by the Property Owner Consent Form. [See Exhibit A – Property Owner Consent]

### LOCATION ELIGIBILITY

The Premises is not within 600 feet of any K-12 school, day care center, or youth-oriented facility. [See Exhibit I – Location Eligibility] The proposed Premises also meets the state location requirements for a microbusiness.

### DESCRIPTION OF EXISTING USE AND PROPERTY

The proposed project site is located at 468 Yolanda Avenue, suites 304 and 305, in the City of

Santa Rosa, and the combined spaces measure approximately 3,712 square feet. The entire parcel is 2.36-acres and is zoned IL. [See Exhibit C – Architectural Plans and Drawings]

The City's general plan designation for the Premises is Light Industry, which accommodates light industrial, warehousing, and heavy commercial uses. Uses that the City deems appropriate to this land use category include bulk or warehoused goods, general warehousing, manufacturing/assembly, retail, materials, retail research oriented industrial, and accessory offices. The parcel currently has several industrial and manufacturing businesses operating, including an auto mechanic, fire safety business, upholstery business, and a sound studio.

The Applicant will be primarily packaging, labeling, and distributing cannabis products at the Premises. The Applicant will also use the Premises as a warehouse for storage of cannabis goods and delivery of products to customers. The Applicant will utilize a portion of the Premises for office space to conduct business activities such as financial, administrative, marketing and human resources. By operating as a vertically integrated microbusiness, Applicant intends to minimize impacts on traffic or parking in the area.

The design, location, size and operating characteristics of Applicant's microbusiness are compatible with the City's General Plan, and existing and future land uses in the project area.

### **CEQA COMPLIANCE**

Because the City of Santa Rosa has adopted a specified ordinance that requires discretionary review and approval of permits to engage in commercial cannabis activity, and the ordinance requires zoning clearances and conditional use permits prior to engaging in commercial cannabis activity, Applicant is exempt from CEQA and is deemed to be compliant.

### **GENERAL OPERATING REQUIREMENTS**

The proposed project complies with the applicable general operating requirements outlined in Section 20-46.050 of the Ordinance. Each of these requirements will apply to the various business activities performed under the microbusiness local permit and state license.

1. **Dual Licensing.** Applicant understands that it must obtain a state license, in addition to a City of Santa Rosa conditional use permit, before it can begin operations. Applicant will diligently pursue and obtain a state cannabis license after it obtains a local permit. Applicant will comply at all times with all applicable state licensing requirements and conditions including operations standards, background checks, prior felony convictions, restrictions on multiple license and license types, and locational criteria.
2. **Minor.** The Applicant shall only allow persons who are 21 years of age or older and who possess a valid government-issued photo identification card onto the Premises. All employees will be 21 years of age or older.
3. **Employee Register.** Applicant will maintain an employee register which will include each employee's full name, social security or individual taxpayer identification number, date employment begins, and date of termination of employment, if applicable. Applicant will also maintain training records for its employees including but not limited to the content of the training provided and the name of the employee who received the training.

Applicant will maintain these records for at least seven years.

4. **Document and Record Keeping.** Applicant will keep proper records in compliance with state law. Applicant will keep and maintain the following records related to commercial cannabis activity for at least seven years: financial records including, but not limited to, bank statements, sales invoices, receipts, tax records, and all records required by the California Department of Tax and Fee Administration; personnel records and training records as outlined above; contracts with other licensees regarding commercial cannabis activity; permits, licenses and other local authorizations to conduct the Applicant's commercial cannabis activity; security records; records relating to the composting or destruction of cannabis good; documentation relating to the track and trace system; and all other documents prepared or executed by an owner or his employees or assignees in connection with the licensed commercial cannabis business. These documents will be kept in electronic format and hardcopy. All records will be ready and available for the City or State's inspection at any time.
5. **Customer/Member Policies.** Applicant will publish and implement protocol and requirements for its customers and members entering the Premises. [See Exhibit H – Member Policies]
6. **Display of Permit.** The local permit issued to Applicant will be on display at the entrance of the Premises so that it may be readily seen by all persons entering the Premises. Applicant will also prominently display its state cannabis microbusiness license, and any other business permits and licenses.
7. **Inventory and Tracking.** The Applicant will operate in a manner to prevent the diversion of cannabis or cannabis products and will participate in and comply with Metrc, the State's track and trace program. Until the state track and trace program is implemented, Applicant will keep and maintain up-to-date records regarding any transfer of cannabis or cannabis products.

Upon transfer of cannabis goods or products, Applicant will create and maintain a sales invoice/shipping manifest that has the date and time of the transfer, the name and address of the distributor, the amount, form, type, batch, and lot number of the cannabis transferred, the time of arrival at the dispensary and the name of the employee receiving the product at the dispensary.

Applicant will create and maintain an active and functional account within the track and trace system. Applicant will designate an owner as the track and trace system account manager. The account manager will attend and successfully complete all required track and trace system training, including all orientations and continuing education. The account manager will have his own unique log-on and will only use his own log-on to access the track and trace system. The account manager will maintain a complete, accurate, and up-to-date list of all track and trace system users, consisting of their full names and usernames. Applicant will monitor all compliance notifications from the track and trace system and resolve the issues detailed in the compliance notification in a timely manner.

Applicant will record all commercial cannabis activity in the track and trace system including any packaging of cannabis goods, sale of cannabis goods, transportation of cannabis goods to a licensee, receipt of cannabis goods, return of cannabis goods, destruction and disposal of cannabis goods and laboratory testing and results.

Applicant will record the following information into the track and trace system: name and type of the cannabis goods, unique identifier of the cannabis goods, amount of the cannabis goods by weight or count, date and time of the activity or transaction, name and license number of other licensees involved in the activity or transaction.

Upon receipt of cannabis goods, Applicant will ensure the cannabis good received are as described in the shipping manifest and will record acceptance and acknowledgement of the cannabis goods in the track and trace system. If there are any discrepancies between the type or quantity specified in the shipping manifest and the type or quantity received by Applicant, Applicant will record and document the discrepancy in the track and trace system and in its own records.

If cannabis goods are being destroyed or disposed of, Applicant will record the name of employee performing the destruction or disposal, the reason for destruction or disposal, and the name of the entity being used to collect or process the cannabis waste in the track and trace system.

If Applicant loses access to the track and trace system, it will prepare and maintain comprehensive records detailing all commercial cannabis activities that were conducted during the loss of access. Applicant will document and notify the BCC when access to the system is lost, when it is restored, and the cause for the loss of access. When access is restored, all information documented will be entered into the track and trace system. Applicant will not transport, transfer or deliver any cannabis goods until access is restored and all information is recorded into the track and trace system.

Applicant will reconcile the physical inventory of cannabis goods at its location with the records in the track and trace system every 14 days. Physical inventory of cannabis goods and products will also be tracked internally through QuickBooks accounting system, monitored by Applicant's Certified Public Accountant. If there is discrepancy, Applicant will perform an internal audit and notify the BCC of any substantial loss, theft or diversion.

8. **Multiple Cannabis Permits Per Site.** The Applicant will only hold the microbusiness permit at the Premises.
9. **Building and Fire Permits.** Prior to any building or activity that requires permitting, the Applicant will apply for all required permits from the City of Santa Rosa. The Applicant will obtain a building permit to conform with the appropriate occupancy classification and compliance, and will obtain annual operating fire permits with inspections prior to operation. The Applicant will comply with all applicable H&SC and California Fire Code requirements related to the storage, use, and handling of hazardous materials and the

generation of hazardous waste. The Applicant will provide a Fire Department lock box for keys to gates and doors of the Premises. Upon receipt of the cannabis permit from the City, the Applicant will install fire sprinklers for the entire building and ensure that the Premises meets all accessibility, electrical code, mechanical code, plumbing code, energy code, and CALGreen Code requirements. Further, Applicant will obtain all required Certified Unified Program Agency (CUPA) permits including completing a California Environmental Reporting System (CERS) submission for hazardous inventory that meet or exceed State thresholds and any waste generation for accountability, as necessary.

10. **Environmental Protection Measures.** Applicant will comply with the environmental protection measures including compliance with the State Water Resources Control Board, California Department of Fish and Wildlife, and compliance with pesticide laws and regulations as enforced by the Department of Pesticide Regulation.
11. **Security Plan.** The Applicant's security plan is intended to prevent theft or diversion of any cannabis or cannabis products, as well as to discourage loitering, crime, and illegal or nuisance activities. Please see Attachment A – Security Plan.
12. **Odor Control Plan.** To minimize odors and protect employees, the Applicant proposes installation of an air filtration system that utilizes a carbon filtration. Applicant will hire a mechanical engineer to create a customized activated carbon filtration system to sufficiently scrub all air exiting the building to ensure that odors are not detectable from adjacent properties or businesses. Fans will create air circulation to avoid stagnant areas where odors can collect. A carbon filter is a round, hollow device with a membrane that contains activated charcoal (carbon). Dirty air passes through the carbon filter and clean, odorless air exits the other side. Carbon filters are the most popular odor control option on the market because they are highly effective, widely available, low priced, and low maintenance. Granular Activated Carbon Charcoal is so effective because of its high degree of micro-porosity, just 1 gram of activated carbon has a surface area in excess of 500m<sup>2</sup> or about one tenth the size of an American football field. Carbon filters are low maintenance and with a proper pre-filter carbon filters will only have to be changed the every 12 to 18 months. This can vary depending on variables such as fan speed, hours of use, or carbon quality. Each vent in the Premises will contain a carbon filter. [See Exhibit C – Architectural Plans and Drawings] The air filtration system will be properly maintained to ensure air quality and Applicant's employees will be trained to detect issues or inefficiencies with the air ventilation systems and make timely reports of problems to management for prompt remediation. Because all cultivation at the Premises will be limited to nursery operations consisting of immature plants at the pre-aroma stage, odor from the cultivation of cannabis will not be an issue. This odor mitigation plan has been certified by a licensed professional engineer to ensure that all mitigation controls are sufficient to effectively mitigate odors from all odor sources. [See Exhibit J – Odor Mitigation Plan Certification]
13. **Lighting.** The Premises currently utilizes lighting at the entrance of the suites and in the parking lot to deter crime and provide security to its occupants. [See Exhibit C – Architectural Plans and Drawings] Upon receipt of a permit from the City, Applicant intends to install additional exterior lighting to the building to enhance security and

visibility of the premises between dawn and dusk every day. All proposed lighting will be a maximum height of 16 feet, downcast and shielded to limit light exposure to surrounding areas. The outdoor lighting installed by Applicant shall utilize energy efficient fixtures/lamps. The Applicant will work with the Building Department to ensure that all proposed outdoor lighting upgrades to the exterior of the building are compliant with Section 20-30.080 of the City's Building Code. All lighting fixtures will be carefully maintained, and Applicant will ensure that foliage or landscaping will be trimmed and maintained to prevent it from blocking security and safety lighting. Interior and exterior lightning will be designed so that zero direct-beam illumination leaves the Premises to avoid any light pollution, in accordance with CALGreen Section 5.106.8. The inside Premises will be well illuminated throughout the various spaces in the suites with recessed can lighting and LED florescent lighting. [See Exhibit C – Architectural Plans and Drawings] The interior light systems will be fully shielded, and the Premises will have adequate coverings on windows that will confine the light to the interior of the structure. All interior lightening will be consistently maintained to remove and replace any missing bulbs. All exits and entrances will be well lit and will have appropriate and illuminated signage.

14. **Noise.** The proposed operations will not exceed 70 decibels in accordance with City of Santa Rosa Code Chapter 17-16. Generators will not be used at the Premises unless needed in a temporary emergency situation. Applicant will prohibit customers or others from loitering in the area to avoid creating any additional noise in the surrounding areas.
15. **Accessory Use.** Applicant will have a small office space designated within its Premises that will be used for document and record storage as well as a place for management to have a computer and other storage space for business items. The office area will also house the safe that is discussed further in the Security Plan in Attachment A. Cannabis products will on be stored in this area and the inventory will be stored in the safe. [See Exhibit C – Architectural Plans and Drawings] The office space will be a limited-access area and only certain employees will have access to this space. Applicant has also designated another space within its Premises where employees will take their breaks and will store their belongings. [See Exhibit C – Architectural Plans and Drawings] This space will not be limited access and employees will have free access to this space. No cannabis products will be stored in this area.

#### **PROPOSED CANNABIS USE AND OPERATIONAL PLAN**

Applicant will address each proposed activity under the microbusiness permit type below. Areas of the premises from manufacturing and cultivation shall be separated from the distribution and retail areas by a wall and all doors between the areas shall remain closed when not in use. [See Exhibit C – Architectural Plans and Drawings] Applicant will comply with Chapter 4 of the California Code of Regulations, Title 16, Division 42, relating to the operation of a microbusiness.

##### **Indoor Cultivation (Nursery)**

Applicant proposes no more than 1,500 square feet of cannabis nursery in two rooms on the Premises. [See Exhibit C – Architectural Plans and Drawings] Applicant will not perform any outdoor cultivation. The Applicant also intends to propagate plants and vegetate clones on the

Premises in a separate 109 square foot room. [See Exhibit C – Architectural Plans and Drawings] All cannabis produced will be sold through its retail operations directly to customers or wholesale to licensed farms. Any plant or portion of a plant used for seed production will be tagged with a UID (Unique Identifier) provided by the State and will ensure compliance with the track and trace requirements.

Applicant will use low-energy and low-impact indoor cultivation techniques including tables, trays, racks, high efficiency LED lighting, and supplemental heating and cooling. Fertilizer and other products used for cultivation will be stored in the designated fluid storage room. [See Exhibit C – Architectural Plans and Drawings] Applicant will not use or store any chemical fertilizers or pesticides on the Premises.

Applicant will comply with all the rules and requirements applicable to the state's cultivation license type and applicable to the cultivation activities of the Applicant. Applicant shall also comply with the applicable sections of Title 3, Division 6 of the California Code of Regulations, including section 6674 which requires that a warning sign relating to the storage of pesticides be posted. Applicant will also comply with relevant rules and regulations imposed by the California Department of Food and Agriculture related to its cultivation activities.

#### **Nonvolatile Manufacturing**

The Applicant's primary manufacturing will involve packaging or repackaging manufactured cannabis products, or labeling or relabeling the manufactured product containers. Applicant's initial manufacturing activities will only consist of labeling/relabeling; inventory controls; internal testing for quality control; research and development of new products; packaging/re-packaging; storage of raw bulk oil and final products; added value products such as vaporizer cartridges and capsules. Additionally, the Applicant will receive raw bulk dried materials; prepare the raw material by sorting, grinding, performing quality control, and drying the material.

The Applicant will explore nonvolatile manufacturing operations in the future, including CO<sup>2</sup> and ethanol extraction. The ethanol used for extractions or for post-extraction processing will be food-grade. Applicant will also engage in the manufacturing of edible products. When Applicant pursues this option, it will employ a chef with a food handlers card (ServSafe Manager) or obtain a food handler certification on its own, and will obtain a Sonoma County Health Permit.

The Applicant will work closely with the City's Building and Fire Departments to ensure that the proposed project is as safe as possible. This includes complying with all state and local fire codes and the Division of Occupational Health and Safety standards (Cal/OSHA). Some of those measures include maintaining inspection schedules on the proposed sprinkler system, maintaining fire extinguishers, employing spill management systems, using a flammable safety storage cabinet, and installing air quality and ventilation systems. The Applicant will use solvents exclusively within a closed loop system that meets the requirements of the federal Food, Drug, and Cosmetic Act including use of authorized solvents only, the prevention of off-gassing, and certification by a California licensed engineer. The loop systems will be inspected and approved by the City's Building Official and Fire Code Official.

All extraction equipment used by the Applicant will be listed or otherwise certified by an

approved third-party testing agency or licensed professional engineer and approved by the City's Building Official and Fire Code Official.

The facility will be designed to have systems and ventilation per applicable codes for storage and use standards. The Applicant will obtain required permits from the City's Fire and Emergency Services Department for all CO<sup>2</sup> storage and handling. Additionally, the Applicant will implement controls that include but are not limited to engineering controls, safe work practices, administrative controls and OSHA Hazardous Prevention and Controls.

The Applicant will implement procedures to ensure that the Premises are kept in a condition that prevents the contamination of components and cannabis products in accordance with the California Department of Public Health Cannabis Manufacturing Regulations ("DPH-17-010E").

A thorough training process will educate Applicant's staff on the proper methods for storage, handling, and safety procedures. The Applicant will also have protocols and standard operating procedures in place to provide a safe workplace. The Applicant will establish written manufacturing operation procedures in compliance with Section 40254 of DPH-17010E.

The hazardous materials stored onsite may eventually include CO<sup>2</sup> and ethanol tanks for manufacturing as well as bleach, acetone and isopropyl alcohol for cleaning lab equipment. All flammable materials will be stored in a specialized flammable materials storage cabinet in the almost 300 square foot area that is specifically designated to store fluids. [See Exhibit C – Architectural Plans and Drawings] The operation may produce minor quantities of hazardous materials that can be disposed of by a contracted service provider. A facility map will be posted on the interior walls of both entrances with locations of typical quantities of fluids and material on hand.

Applicant will comply with all the state's rules and requirements applicable to a Type 6-Manufacturer 1 license, as outlined in California Code of Regulations, Title 17 of the California Department of Public Health's Manufactured Cannabis Safety Branch.

### Distribution

The Applicant's distribution operation includes storage of cannabis goods, storage of batches of cannabis for testing, packaging, re-packaging, labeling, and re-labeling of cannabis flower for retail sale. The Premises has more than 550 square feet of storage space that will be utilized by Applicant. [See Exhibit C – Architectural Plans and Drawings]. Applicant will comply with all the rules and requirements applicable to a Type 11-Distribution licensed outlined in California Code of Regulations, Title 16, Division 42, Chapter 2.

### Storage

Applicant will ensure that all cannabis goods batches are stored separately and distinctly from other cannabis goods batches on the Premises. Applicant will ensure a label with the following information is physically attached to each container of each batch: the manufacturer or cultivator's name and license number, who provided the batch; the date of entry into the distributor's storage area; the unique identifiers and batch number associated with the batch; a description of the cannabis goods with enough detail to easily identify the batch; the weight of or quantity of units in the batch and the best-by, sell-by, or expiration date of the batch, if any.

### Testing

The Applicant will also make the necessary arrangements for a laboratory employee to come to Applicant's Premises to collect the representative sample for laboratory testing. Applicant has an excellent working relationship with California licensed testing laboratory, SC Labs, and will continue working with them in the future.

Applicant, acting as the distributor, will ensure that the following procedures are followed. Applicant's employee must be physically present to observe the laboratory employee obtain the sample of cannabis goods for testing and shall ensure that the increments are taken from throughout the batch. However, Applicant's employee cannot assist the laboratory employee nor touch the cannabis goods or sampling equipment while the laboratory employee is obtaining the sample.

A video of this sampling will be recorded with the batch number stated at the beginning of the video and a visible time and date indication on the video recording footage. This recording will be kept by Applicant for 180 days.

If a failed sample was collected from a batch and the batch could not be remediated, the Applicant may transport or arrange for the transportation of the batch to a cultivator or manufacturer for remediation.

When the lab provides Applicant with the certificate of analysis stating that the sample meets the required specifications, the distributor shall ensure the following before transporting the cannabis goods to retailers: the certificate of analysis received from the lab is the certificate of analysis that corresponds to the batch; the label on the cannabis goods is consistent with the certificate of analysis regarding cannabinoid content and containments; the packaging complies with all packaging laws and is tamper evident; the weight or count of the cannabis batch comports with that in the track and trace system, and all events up were appropriately entered into the track and trace system.

Applicant will reconcile all inventories of cannabis goods at least every 14 days. Applicant will reconcile all inventories of cannabis goods at least once every 14 days. As a distributor, Applicant will keep an inventory log containing the following information for each batch: the manufacturer or cultivators' name and license number; the date of entry into the distributor's storage area; the unique identifiers and batch number associated with the batch, a description of the cannabis goods with enough detail to easily identify the batch, the weight of the quantity or units in the batch, the best-by, sell-by, or expiration date of the batch if any; and where on the premises the batch is kept.

If there a discrepancy between the inventory of stock and the inventory log or track and trace system that is outside of normal weight loss caused by moisture loss, the distributor shall commence a full audit of the batch in which the discrepancy was found.

### Records

Applicant will maintain the following records: as a distributor: records relating to branding, packaging, and labeling; inventory logs and records; transportation bills of lading and shipping

manifests for completed transports and for cannabis goods in transit; vehicle and trailer ownership records; quality-assurance records; records relating to the destruction of cannabis goods; laboratory-testing records; warehouse receipts and records relating to tax payments collected.

#### Insurance

Applicant will carry and maintain commercial general liability insurance in an amount no less than \$2,000,000 and in an amount no less than \$1,000,000 for each loss.

#### Transportation

When transporting cannabis good between licensees or licensed premises, transportation shall be only conducted by Applicant or Applicant's employees that are over the age of 21. The Applicant's vehicles that are used to transport will have a motor carrier permit pursuant to Chapter 2 of Division 14.85 of the Vehicle Code. When in transport by Applicant, the cannabis goods will be in a locked box, container, or cage that is secured to the inside of the vehicle or trailer, and the cannabis goods will not be identifiable or visible from outside of the vehicle or trailer. The packages and containers holding the cannabis goods will not be tampered with during transport. All of Applicant's transport vehicles will have a vehicle alarm system and the vehicles will not be left unattended while in transport. When distributing, Applicant will only transport cannabis goods between licensees shipping or receiving cannabis goods and its own licensed Premises.

The Applicant will utilize the roll-up doors on the Premises for easy access to distribution and transport vehicles. [See Exhibit C – Architectural Plans and Drawings] Distribution activity at Applicant's Premises will occur between the normal business hours of 9:00am and 5:00pm, 7 days a week.

#### Shipping Manifest

Prior to transporting any goods, Applicant will generate a shipping manifest through the track and trace system for the following activities: testing and sampling; sale of cannabis goods to a licensee; destruction or disposal of cannabis goods; and any other activity as required by the BCC and City, or any other licensing authority.

Applicant will securely transmit the manifest with the information about the cannabis products to the BCC and the licensee that will receive the cannabis goods prior to transporting the cannabis goods. Applicant will ensure and verify that the cannabis goods being taken into possession of or transporting at the originating licensed premises are described and accurately reflected in the shipping manifest. Applicant will not accept possession or transport any cannabis goods that are not in the shipping manifest or any cannabis goods that are less than or greater than the amount reflected on the shipping manifest. Applicant will ensure that a shipping manifest is accompanied with every transport of cannabis goods.

#### Tax Collection

As a cannabis distributor, Applicant is required to collect the cannabis excise tax from retailers that Applicant supplies with cannabis or cannabis products. Applicant is required to report (based on the average market price) and pay the cannabis excise tax to the California Department of Tax and Fee Administration (CDTFA) in the reporting period in which Applicant sells or transfer the

cannabis or cannabis products to the cannabis retailers.

However, if Applicant sells or transfers cannabis or cannabis products to another licensed distributor instead of a retailer, the distributor that sells or transfers the cannabis or cannabis products to the retailers is responsible for collecting the cannabis excise tax from the retailer and reporting and paying it to the CDTFA. If this is the case, Applicant will document the transaction with an invoice showing that the sale or transfer is from one licensed distributor to another and that no excise tax was not collected.

However, if Applicant sells or transfers cannabis or cannabis products to another licensed distributor instead of a retailer, the distributor that sells or transfers the cannabis or cannabis products to the retailers responsible for collecting the cannabis excise tax from the retailer and reporting and paying it to the CDTFA. If this is the case, Applicant will document the transaction with an invoice showing that the sale or transfer is from one licensed distributor to another and that no excise tax was not collected.

### **Retail Storefront and Delivery**

Applicant intends to also operate a retail storefront and delivery operation at the proposed Premises. Applicant shall comply with all the rules and regulations applicable to the state's Type 10-Retailer license, outlined in California Code of Regulations, Title 16, Division 42, Chapter 3. Applicant will not make cannabis goods available for sale or delivery to a customer unless the cannabis good were received from a licensed distributor, including Applicant's distribution activities under the microbusiness, and Applicant has verified that the cannabis goods have not exceed their expiration or sell-by date if one is provided, and all manufactured products will meet all of the manufacturing labeling requirements and all edible cannabis product rules.

### **Delivery**

Applicant intends to operate a monthly-subscription delivery service, whereby Applicant will deliver customers' orders of cannabis and cannabis products to a physical address. Applicant will comply with all requirements mandated for a small storefront retail dispensary provided in Section 20-46.080 of the City Code to operate its delivery service but may not initially open the Premises to the public.

Applicant will abide by all state requirements for delivery. All of Applicant's delivery will be performed by a delivery employee of Applicant who is at least 21 years of age. The delivery employee of Applicant will carry a copy of the Applicant's current permit and license, the employee's government-issued identification and employee badge. Applicant will maintain an accurate list of its delivery employees.

Applicant's vehicles used to deliver the cannabis goods will be equipped with a dedicated Global Position System (GPS) and cannabis goods will not be left in an unattended vehicle unless the vehicle is locked and equipped with an active vehicle alarm system.

Applicant will only deliver cannabis goods between the hours of 9:00 am and 9:00 pm, seven days a week. All deliveries will be made to a physical address in California and be made in person. Applicant's delivery employee, carrying cannabis goods for delivery, will only travel in an enclosed motor vehicle operated by a delivery employee of the Applicant and will not carry

more than \$10,000 worth of cannabis goods, in accordance with State law. Applicant's delivery employees will not consume cannabis goods while delivering cannabis goods to customers.

Applicant will prepare a delivery request receipt for each delivery of cannabis goods which will contain the name and address of Applicant, the name and employee number of Applicant's delivery employee who delivered the order for delivery; the name and customer and a retailer assigned customer for the person who requested the delivery, date and time the delivery request was made; the delivery address; a detailed description (like weight, volume etc.) of all cannabis goods requested for delivery; the amount paid; time of delivery; and customer signature. The delivery employee will provide the customer with a copy of the delivery request receipt and will keep a copy for his records.

### **Storefront**

In the future, Applicant may open the Premises to the public, and conduct sales from the Premises. Applicant will comply with all of the following retail storefront operating requirements imposed by the City and the state.

### **Employees**

Applicant will maintain a current register of the names of all retail employees and shall disclose such register for inspection by any City officer.

### **Employee Training & Customer Interaction**

Applicant will utilize various training methods to ensure its customers receive the best service and education at the dispensary. Applicant will utilize a combination of online, written, and in-person training for its customer-facing employees. Applicant intends to have sales team meetings every morning before the dispensary is open to discuss new products or inventory changes and will encourage these employees to attend off-site vendor presentations about particular products. Applicant will also provide training for the sales associates that covers common uses for cannabis that include treating health conditions and symptoms and provides training on how to assist customers without providing medical advice while still answering customer's questions in a compassionate, understating ways.

Sales associates will greet customers, make eye contact, use friendly body language and share extensive product knowledge including how products are cultivated, processed or manufactured, and the lab testing that the products undergo. Sales associates will educate customers on proper safety techniques to store cannabis in their homes and ways to ensure children do not obtain access to cannabis or cannabis infused products. Applicant will ensure that each sales associate knows and understands the maximum amount of cannabis or cannabis products that can be sold to an individual in one day.

### **Recordkeeping**

Applicant will maintain an accurate record of its inventory which will prevent unauthorized access to cannabis. Applicant will keep a record of the following information for all cannabis goods in its inventory: a description of each item so that it can be easily identified; an accurate measurement of the quantity of the item; the date and time the cannabis goods were received by Applicant; the sell-by or expiration date on any cannabis goods, if any; the name and license number of the licensee that delivered the cannabis to the Applicant; the name and license number

of the distributor that provided the cannabis goods to Applicant; and the price Applicant paid for the cannabis goods, including taxes, delivery costs, or any other costs.

Applicant will perform a reconciliation of its inventory every 14 days and will verify that its physical inventory matches its inventory records. The results of the inventory reconciliation will be maintained on-site and will be available for inspection by the BCC or City of Santa Rosa.

If any theft, diversion, or loss is identified, Applicant will notify the BCC and Santa Rosa Police Department within 24 hours of the discovery. If there is a discrepancy in inventory of \$5,000 or more, or 2% of Applicant's average monthly sales, Applicant will also notify the BCC and the Santa Rosa Police Department within 24 hours of this determination.

#### Access to the Retail Space

Applicant will only allow customers into the dispensing area of the Premises if they possess and present government issued photo identification indicating that they are at least 21 years of age.

#### Customer Membership Agreement

Applicant will have every customer sign a Membership Agreement prior to entering the dispensary. The Membership Agreement will provide guidelines that customers must adhere to in order to purchase cannabis or cannabis products from the dispensary. The Membership Agreement will require compliance with all state and local rules and regulations and will inform customers that loitering in the area and on-site consumption is prohibited. Applicant will maintain and update the Membership Agreement as issues arise or as needed.

#### Customer Returns

Applicant may accept customer returns. The customer must show proof of purchase and the return must be made within 30 days of purchase in order to receive a refund. Applicant cannot resell the returned cannabis goods and must destroy all cannabis goods that have been returned.

#### Hours of Operation

Applicant proposes to operate its microbusiness, including retail and delivery activities, between the hours of 9:00am and 5:00pm, 7 days a week. Applicant proposes to accept commercial deliveries at the Premises between the hours of 9:00am and 5:00pm, 7 days a week.

#### Limited Access Areas

Applicant will establish limited-access areas and will allow only authorized individuals to enter these areas. Authorized individuals include Applicant's employees as well as any outside vendors, contractors or other individuals conducting business that requires access to the limited-access area. An individual in the retailer limited-access area who is not employed by Applicant must be accompanied by Applicant's employee and must be at least 21 years of age. Applicant will maintain a log of individuals who are not employees that enter these limited-access areas.

#### Retail Layout, Design, and Display

The dispensary portion of the Premises will utilize an open retail floor plan with clean, modern lines and a thoughtful and inviting design. [See Exhibit D – Draft Dispensary Renderings] The dispensary lobby waiting area will be large space with enough seating for at least 5 customers. The dispensary area will be well lit with energy saving LED lighting to illuminate the

dispensary's glass display cases and custom wooden shelves. In the retail area, Applicant hopes to utilize large glass windows that will allow customers to see into the nursery cultivation area of the microbusiness to provide customers with a look into the business' "behind the scene" operations. The Applicant intends for the space to be aesthetically pleasing and welcoming for customers. [See Exhibit D- Draft Dispensary Renderings] The entire dispensary will be ADA compliant including the design of countertops, kiosks, bathrooms and any other public areas.

Cannabis goods for inspection and sale will only be displayed in the retail, dispensary area. The design of the retail space will ensure that no cannabis goods would be visible from the outside of the Premises. [See Exhibit D- Draft Dispensary Renderings] Applicant may remove cannabis goods from any packaging and placed in containers that are then situated in the locked and secure glass display cases to allow for customers to view the products. Only Applicant's employees will provide the container to the customers and will remain with the customer while that product is being inspected. These cannabis goods that have been removed from their packaging for display will not be sold or consumed, and they will be destroyed.

#### Daily Limits

Applicant will not sell more than 28.5 grams of cannabis flower, no more than 8 grams of concentrated cannabis products, and no more than 6 immature plants to one customer in one day. There will be a posting of these limits behind the sales counters for the sales associates to reference.

#### Secured Products

Cannabis and cannabis products that are not used for display purpose for immediate sale will be stored in the "OFFICE/STORAGE" space, a limited-access space that is a secured and locked room, inside a safe or vault, and in a manner reasonably designed to prevent diversion or theft on Applicant's Premises. [See Exhibit C – Architectural Plans and Drawings]

#### Live Plants

Applicant will only sell live, immature cannabis plants and seeds if the plant is not flowering, the plant or seed was purchased from a nursery with a valid license or sourced from its own nursery, and a label is affixed to the plant or package containing the seeds which states the following: "This product has not been tested pursuant to Medicinal and Adult-Use Cannabis Regulation and Safety Act".

#### No Cannabis Paraphernalia Sold

Applicant will not sell or display any cannabis related paraphernalia or any implement that is used to administer cannabis or cannabis products.

#### No Onsite Physician

Applicant will not have an on-site or on-staff physical to evaluate patients and provide a recommendation for cannabis.

#### No Drive-Through

Applicant will not have a drive-through window or walk-up window at the Premises.

#### No Free Cannabis Goods

Applicant will not provide free cannabis goods to any person and will not let vendors or other individuals that are not employed by Applicant to provide free cannabis goods to any person on the licensed premises.

#### Site Management

Applicant's operations manager will take all reasonable steps to avoid objectionable situations that may constitute a nuisance in the areas surrounding the dispensary, including parking, sidewalks, and adjacent businesses, if related to patrons of the dispensary. Should any issues arise, the operations manager will either remedy the issue or if safety is a concern the operations manager will promptly contact and notify the Santa Rosa Police Department. [Please see "Site Management" section below for additional information]

#### Advertising and Signs

Applicant will not advertise or market cannabis or cannabis products on an advertising sign within 1,000 feet of a day care center, school providing instruction in kindergarten or any grades 1 through 12, playground, or youth center. Applicant will not utilize any advertising or marketing that has depictions or images of minors under 18 years of age. Because it is not Applicant's main desire to operate a storefront retail space and attract customers, signage on the Premises advertising will be minimal. Any signage will not obstruct the entrance or windows, and window coverings will be utilized to prevent visibility into the Premises when closed. All signage utilized by Applicant will be in compliance with the City's sign regulations.

#### Display of Permit and License

The local permit issued for Applicant will be on display at the entrance of the retail space so that it may be readily seen by all persons entering the Premises. Applicant will also prominently display its state retail license, and any other business permits and licenses.

#### No Onsite Consumption

Onsite consumption will not be allowed on Applicant's Premises. Both English and Spanish notices shall be posted in the retail space of the Premises indicating that smoking, ingesting or consuming marijuana on the premises is prohibited.

#### Exit Packaging

All cannabis and cannabis products will be placed in an opaque exit bag before leaving Applicant's premises.

#### No Cannabis Special Events

Applicant will not be holding cannabis special events, nor will Applicant be applying for temporary special event permits or licenses.

### **STAFFING AND LOCAL HIRING PLAN**

The Applicant anticipates hiring a limited number of employees who will work onsite at the proposed microbusiness. All employees hired by the Applicant will be over 21 years of age. Applicant will ensure that all agents, officers, or other employees have a laminated identification badge that will be displayed at all times while engaging in commercial cannabis activities. The badge will include Applicant's name and license number, the employee's first name and employee number, and a color photograph of the employee.

The Applicant is committed to hiring employees locally. Applicant recognizes that the City of Santa Rosa and Sonoma County has a wealth of experienced and dedicated cannabis workforce. The Applicant plans to consider residency in hiring decision, promote the job posting locally, and use local connections in the cannabis industry to retain new local talent.

To setup the proposed project, the Applicant will hire approximately two to three employees from the local community who will assist with cultivating, distribution, labeling/packaging, manufacturing, and delivery operations. After the project is fully operational and financially stable, the Applicant anticipates hiring an additional two to three staff to fill additional operational or administrative roles.

As the Applicant begins all of its operations under the microbusiness, the Applicant anticipates having around 10 employees to operate the business.

### **EMPLOYEE HANDBOOK AND TRAINING**

Applicant intends to have a comprehensive employee handbook which will clearly outline the business rules and performance standards, encourage best practices and behaviors, and will outline employee benefits. Specifically, the handbook will provide information about how employees can request time off, take breaks, report theft or diversion, maintain confidential customer information and report pay issues. The handbook will also provide training on the specific packaging and labeling rules that will apply to various cannabis and cannabis products. The handbook will also provide instructions for how employees should operate to ensure all local and state requirements are satisfied. All staff will receive thorough and on-going training on operations, workplace safety, track and trace, security protocols, and response to emergency situations. Applicant will work with their attorneys to provide up-to-date quick reference guides for employees to refer to while on the job relating to safety, packaging, and sales. [See Exhibit G – Sample Packaging Reference Sheet for Employees]

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. Applicant's management, will be available on-call 24 hours per day, seven days per week to address any operational or emergency issues. In addition to state licensing requirements related to staffing, the Applicant will diligently follow all applicable labor and employment laws.

### **VEHICLE AND BICYCLE PARKING ANALYSIS**

The Ordinance does not specifically address parking requirements for microbusinesses. However, the cannabis dispensary/retail parking requirement is the most demanding with 1 vehicle parking space per 250 square feet and 1 bike parking space for every 5,000 square feet. Thus, Applicant must provide at least 15 vehicle parking spaces and 10 bicycle parking spaces for customers. There are 81 parking spots available for the entire parcel, and any of those are available for Applicant's customers. Applicant will designate 16 parking spots for its exclusive use by using placards indicating that the spots are reserved for Applicant's customers. [See Exhibit E – Traffic Analysis] Applicant may also paint the parking space bumper to designate that those spaces are reserved for Applicant and its customers.

Applicant will construct and provide at least 5 bicycle parking spaces at the Premises. [See Exhibit C – Architectural Plans and Drawings] Applicant will work with the City to ensure that there is at least one ADA compliant parking space in front of the dispensary that is positioned as close to the entrance of the dispensary as possible. Applicant will have a comprehensive parking survey conducted in order to address, remedy and improve the parking at the Premises.

The Premises is ideally located between two transit stops that can connect customers to much of the City of Santa Rosa and surrounding areas, and Applicant will encourage patrons to utilize public transportation to the Premises [See Exhibit F – Transit Map and Transit Stops]

## **TRAFFIC ANALYSIS**

### **Project Setting**

The Premises is located on Yolanda Avenue, in southeastern Santa Rosa. Yolanda Avenue is a two-lane roadway that runs east to west connecting Petaluma Hill Road to Santa Rosa Avenue. Yolanda Avenue is east of US 101 and has a posted speed limit of 35 miles per hour. The proposed project is located on the southside of Yolanda Avenue about halfway between Petaluma Hill Road and Santa Rosa Avenue.

### **Traffic Flow at Premises**

Customers will either turn right (if traveling eastbound) or left (if traveling westbound) off of Yolanda Avenue using the parcel's only driveway. The parking for Applicant's customers will be on the north-side of the complex with ADA parking places directly in front of the Premises. Upon exiting the complex, customers are able to turn left or right onto Yolanda depending on the desired route. [See Exhibit E – Traffic Analysis]

Employees will have the same ability to enter and exit the Premises off of Yolanda Avenue. Employees will be required to drive along the west-side of the business complex in the back of units 305 and 306. When returning to Yolanda, they will use the same route. Deliveries will follow the same path as the employees. Deliveries will be made to the back of Unit 305. [See Exhibit E – Traffic Analysis]

### **Project Trip Generation**

The number of incoming and outgoing automobile trips generated by the project was estimated using the Institute of Transportation Engineers' (ITE) Trip Generation Manual (9<sup>th</sup> Edition). The Specialty Retail (826) category would be appropriate for Applicant's microbusiness. The proposed retail portion of the microbusiness would be expected to generate an average of 14 morning trips and 5 afternoon trips. However, because of the nature of the proposed use, Applicant expects the trips to occur mostly in the afternoon. Currently, the use of the Premises is for a plumbing company and warehouse space and would fit within the General Light Industrial (110) category, which also generates an average of 14 trips per day. As such, Applicant's proposed use would not cause an increase in traffic to the area. Applicant intends to mostly operate its sales using the delivery service, further minimizing customer trips to the Premises. For the initial years of its operations, Applicant intends to only have between 3 and 6 employees whose arrival and departure times will be varied throughout the day. Again, this will not cause traffic to increase in the area compared to the traffic generated by its current use.

## **LOCAL AND STATE COMPLIANCE**

Applicant will comply with all State regulations, County/regional permit requirements, Santa Rosa General Plan policies and Santa Rosa City Code locational and operations requirements as outlined by the narrative above. [See also Exhibit K- Statement of Compliance] Applicant has retained Beck Law, P.C. to ensure that they remain up to date on the always changing local and State rules and regulations. [See for example Exhibit G – Sample Packaging Reference Sheet for Employees]

### **NEIGHBORHOOD COMPATIBILITY**

If allowed, Applicant will provide stability in the area and neighborhood by entering into a long-term lease to occupy the Premises. By entering into a long-term lease, Applicant will remain at the Premises and will continue to make various improvements to the area as outlined below in the Neighborhood Enhancement section. The Applicant's proposed use fits within the industrial area and will provide an influx of economic benefit to the area and surrounding neighborhoods.

The location of retail storefront faces the industrial Yolanda Avenue and is farthest away from residences on that Premises' parcel. This location will prevent neighborhood children or others from viewing the entrance to the storefront and will also keep all customers as far away from the neighborhood as possible. Further, the distance from the Premises to the neighborhood will provide further assurance that odor will not be detectable in the neighboring residences. Applicant will only be cultivating a relatively small amount of starter plants, rather than allotted 10,000 square feet of full size plants, so the odor generated by the Applicant's operations will be minimal. Applicant will also employ substantial odor filtration systems to ensure that odor is not detectable from outside of the Applicant's microbusiness.

Applicant will not operate 24 hours a day, and will only operate its retail, distribution, nursery and manufacturing operations during the normal business hours of 9am and 5pm. These hours will not disrupt neighboring residences or businesses.

Further, Applicant's microbusiness will not overtake the entire street, area, or neighborhood, nor will Applicant's operations be so large as to be a nuisance to the neighborhood. Applicant will not have any outdoor or exterior construction that would cause noise or debris that would affect the neighboring areas. The approximately 3,700 square foot operation will not be detectable to the neighbors and is similar to the sizes of other businesses in the area.

Applicant's use and eye for design will increase the atmosphere and experience of the area by making it more modern and clean. Currently, the area feels slightly run down and Applicant's use will give it a much-needed update and transformation. The interior of the retail dispensary will use high-end building materials and will have a sleek, contemporary design. [See Exhibit D – Draft Dispensary Rendering]

The Premises is ideally located between two transit stops that serve much Sonoma County. [See Exhibit F – Transit Map and Transit Stops] It is easily accessible for pedestrian and bikers, and the Applicant will encourage its patrons to access the retail portion of the microbusiness using alternative forms of transportation to minimize its traffic impact to the area.

### **NEIGHBORHOOD ENHANCEMENT**

#### **Environmental Conservation**

Applicant will be installing fire sprinklers to the entire business park, providing additional

security and protection to the surrounding neighborhoods, residences, and businesses. Applicant's entire business and brand is built on environmentally conscious and friendly cannabis. Applicant will extend this passion for conservatism and responsibility to its microbusiness operations. Applicant will utilize green business practices related to energy efficiency, water conservation, and air quality control to lower greenhouse gas emissions and protect the environment. Applicant will comply with all CAI.Green Non-Residential standards as addressed below.

Specifically, Applicant will utilize the most energy efficient indoor and outdoor lighting. Applicant will use the most efficient lighting options available including primarily LED lights with some supplemental fluorescent lighting. Most interior lights and light fixtures will be on motion sensors to avoid unnecessary waste of energy when the Premises is vacant. Applicant also plans to add solar panels to the roof of the building to supplement energy usage.

Applicant will maintain an HVAC system that provides the most efficient and cooling possible. Applicant will use this HVAC system along with dehumidifiers. By utilizing the dehumidifier and the HVAC system together, humidity will be captured out of the air and deposited into a water holding tank that will then be used to water and feed the plants. By utilizing this method, Applicant predicts that its water usage will not exceed that of a normal business. Indoor water usages at the premises will be monitored with a separate water sub-meter. Applicant will install low-flow faucets, fountains, and toilets in the Premises to conserve water. Outdoor water use will be on a high efficiency drip irrigation system. Applicant will utilize a rainwater catchment system to supplement its water use for outdoor landscaping. Applicant intends to install drought resistant landscaping at the Premises using California native plant species.

All delivery vehicles used by the dispensary will be electric. Applicant will install and construct electric vehicle charging spaces in the microbusiness parking lot for these vehicles. Applicant will provide at least one designated parking for any combination of low-emitting, fuel-efficient and carpool/vanpool vehicles in the parking lot.

#### Premises and Surrounding Improvements

Currently, the Premises that Applicant proposes to occupy is empty and dilapidated. Applicant will improve the overall façade of the premises and surrounding areas by providing landscaping, new façade paint, and an updated awning. Applicant intends to work with the City and property neighbors to determine what type of improvements to the entrances and exits of the parking lots would be best for the area and will make requested improvements.

Applicant will also have security personnel that will patrol the Premises, property and surrounding neighbored 24 hours a day, 7 days a week, which will provide security to the surrounding neighborhoods.

#### Community Benefits and Involvement

Once in full operations, Applicant will be providing at least 10 employee opportunities at the Premises. Applicant will give hiring priority to applicants from Santa Rosa and Sonoma County.

Applicant has conducted and will continue to conduct offsite cannabis educational events. Applicant has and will continue to host community discussion groups to provide information on

the health benefits of cannabis and cannabis products in various forms. Applicant has held discussion groups for mothers who are interested in cannabis use and safety. Applicant intends to hold these outreach groups for seniors and for parents who want to learn how to discuss cannabis safety with their children.

Applicant has a passion for giving back to the Sonoma County community and will require employees to participate in quarterly community outreach through volunteering. Applicant and their employees plan to volunteer their time with Re-Plant Wine County and assist in tree planting days to help replant vegetation in burned areas of Sonoma County. Similarly, they intend to participate in Russian River and beach trash clean-up days. Applicant has an excellent working relationship with the Redwood Empire Food Bank and will participate in monthly volunteer days. Applicant recognizes not only the importance of giving back to the community but also having cannabis businesses and their employees interact with various groups of the public to inform and educate, and to curtail the lingering stigma surrounding cannabis.

### **SITE MANAGEMENT**

Applicants have over 18 years of experience in managing all cultivation and sales for multiple cannabis collectives. All of Applicant's Officers are Sonoma County residents and understand the importance of hiring and sourcing product locally. Applicant has a strong understanding of Sonoma County business demands and knowledge of the cannabis industry.

The founding members of the Applicant established a winery in 2008 that produces ultra-boutique Northern California wines. The winery performs retail sales through a club membership platform, which has provided the inspiration for the membership model that Applicant hopes to utilize for the microbusiness. The Applicant's founding members have a cumulative of 40 years' experience in compliance, safety, and business operation in the highly regulated alcohol industry.

All employees will be at least 21 years of age and will undergo thorough training on how to handle product in order to prevent and respond to diversion. Cannabis products will be stored in locked display cases on the retail floor and inventory will be kept in the safe located in the limited-access area. When a customer decides to purchase a product, the budtender will have a manager who has access to the limited-access area go to the safe and retrieve the product. This will ensure that only particular, managerial employees will have access to the product and minimize the likelihood of diversion. Applicant will provide quick reference sheets for employees to ensure local and State compliance with the rules and regulations. [See for example Exhibit G – Sample Packaging Reference Sheet for Employees]

First time customers will be required to sign a membership agreement form indicating that they agree to abide by loitering, trash and site rules. [See Exhibit H- Member Policies]. These agreements will be kept on file at the Premises. Customers who do not abide by these rules will not be allowed on the Premises in the future. Applicant will provide the name and telephone number of a local person and neighborhood liaison that can be contacted at any time regarding any Premises issues. This contact information will be available and posted at the Premises and provided to the Santa Rosa Police Department and the BCC.

Applicant takes security of the Premises and surrounding neighbors extremely seriously. Applicant will take any and all precautions to prevent diversion or theft, and to prevent potential

nuisance impacts to the Premises, the entire building, and surrounding neighborhoods. This Security personnel will ensure that there is no loitering or trash on the Premises and surrounding neighborhoods.

Applicant's business will also offer a monthly-subscription delivery service for its customers. Applicant will follow all the procedures outlined in the delivery section above, including but not limited to, only delivering to a physical address, abiding by all state vehicle requirements and ensuring all cannabis goods are made to the member and with adequate photo identification review.

Once the Conditional Use Permit is granted, Applicant will immediately submit building plans to the City of Santa Rosa for approval. Once those are approved, Applicant will timely begin the build-out process. Applicant estimates that the build-out process will take about 3 months. Upon completion of the interior build-out, Applicant will request an inspection and will obtain an occupancy permit prior to commencing operations.

### **NEIGHBORHOOD MEETING**

Applicant understands that a neighborhood meeting will be required as a part of the CUP. The Applicant is prepared to address any concerns from neighbors or from the general public. The Applicant will be taking affirmative steps to reach out the neighboring residences to provide information about the Applicant's microbusiness, educate about the uses of cannabis, and mitigate any public relations issues with the Applicant's proposed use.

### **BUSINESS STRUCTURE & OWNERSHIP**

The Applicant is NKM Enterprises, Inc. which is a California C-Corporation. The entity was formed for the purposes of this application and the business is in good standing with the California Secretary of State.

### **APPLICANT'S BACKGROUND AND SUPPLY CHAIN**

The proposed cannabis microbusiness will be operated and managed by the Applicant, and its CEO Devika Maskey, CFO/Treasurer Allison Kosta, and Vice President of Production Jonathan Neisingh (the "Officers"). The Officers are long-time residents of Sonoma County and believe the area is the ideal location for cannabis businesses to produce and thrive. The Officers have over 18 years of cannabis cultivation, manufacturing, and marketing experience in the cannabis industry. The Applicant strives to provide unique cannabis products to the upscale consumer while educating about safe and responsible consumption. The Applicant acknowledges the importance of vertical integration allowed by the microbusiness permit and hopes to utilize the opportunity to provide craft cannabis products that can compete with "big cannabis". Through the permit process, the Applicant seeks to bring the Premises into the newly regulated commercial marketplace and to provide customers with the highest quality cannabis products available.

## ATTACHMENT A – SECURITY PLAN

The Applicant's security plan is intended to prevent theft or diversion of any cannabis or cannabis products, as well as to discourage loitering, crime, and illegal or nuisance activities.

### Security Cameras

Exterior and interior video surveillance systems will be installed throughout the Premises. High quality digital video surveillance cameras with a minimum camera resolution of 1280 × 720 pixels will be professionally installed and maintained. The video surveillance system will be equipped with a failure notification system that provides notification to Applicant's staff of any interruption or failure of the video surveillance system or the video surveillance-system storage device.

Both the surveillance-system back-up storage server and the cameras will be transmission control protocol, capable of being accessed through the internet. The camera server and physical media on which the surveillance recordings are stored will be secured in a manner to protect the recording from tampering or theft, both by internal sources and from external threats. Surveillance recordings will be kept for a minimum of 90 days. Recordings will be kept in a manner that allows the Santa Rosa Police Department, City Officials, and BCC to view and obtain copies of the recordings at the licensed premises immediately upon request.

Cameras will record continuously 24 hours per day and at a minimum of 15 frames per second. The video surveillance system will be able to effectively and clearly record images of the area under surveillance at all times. Recorded images will clearly and accurately display the time and date in accordance with the United States National Institute Standards and Technology standards.

Each camera will be permanently mounted and in a fixed location. Each camera will be placed in a location that allows the camera to clearly record activity occurring within 20-feet of all points of entry and exit on the licensed premises, and will allow for the clear and certain identification of any person and activities in all areas required to be filmed per BCC requirements. The camera system will be visible and known to persons on the premises to create an effective presence and deter crime.

The following areas will be recorded on the video-surveillance system: areas where cannabis goods are weighed, packed, stored, loaded, and unloaded for transportation, prepared, or moved within the premises; limited-access areas; security rooms; areas storing a surveillance-system storage device with at least one camera recording the access points to the secured surveillance recording area; and entrances and exits to the premises, which shall be recorded from both indoor and outdoor vantage points; and point-of-sale areas and areas where cannabis goods are displayed for sale on the video surveillance system.

### Alarm System

The Applicant will maintain an alarm system, meaning an assembly of equipment and devices arranged to signal the presence of a hazard requiring urgent attention and to which police are expected to respond (per Business and Professions Code section 7590.1(n)), and will obtain an

alarm permit from the Santa Rosa Police Department prior to installation in accordance with Section 6-68.130 of the Santa Rosa City Code. The alarm system will be professionally installed and monitored 24 hours a day, 7 days a week, 365 days a year and will provide emergency response to notifications to law enforcement and/or emergency responders, as appropriate. The alarm will include sensors to detect entry and exit from all secure areas and windows. The contact information for the professional security company that installed the alarm and provides the alarm monitoring services will be kept in the Applicant's onsite books and records. The Applicant will provide the contact information for a local site manager person who is responsible for the use and will provide this information to the Santa Rosa Police Department dispatch.

#### Security Personnel

Applicant will hire or contract for security personnel who are at least 21 years of age to provide security services for the licensed retail premises. All security personnel hired or contracted for by the applicant will be licensed by the Bureau of Security and Investigative Service and will comply with Chapters 11.4 and 11.5 of Division 3 of the Business and Professions Code. The security personnel will monitor and patrol units 304 and 305, the surrounding units, buildings, neighborhood and other nearby public areas.

#### Secure Storage and Waste

Applicant does not expect the microbusiness to produce significant cannabis waste, outside of any returns, expired or abandoned cannabis or cannabis product. Any cannabis waste will be stored in an area that has been reserved for cannabis disposal that will be located in a restricted area of the facility. Applicant will contract with a cannabis waste disposal company that will properly dispose of the cannabis waste. Applicant will provide the BCC and City of Santa Rosa with the name of the entity hauling the waste, obtain documentation from the entity hauling the waste that indicates the date and time of each collection of cannabis waste at the licensed premises and obtain a copy of the certified weight ticket or other documentation prepared by the entity hauling the waste confirming the receipt of the cannabis waste was at one of the solid waste facilities. Applicant will also keep records of the name of the employee from the disposal company, the name of the employee processing the waste for disposal and copies of the confirmation that the disposal has occurred.

#### Transportation

The Applicant will implement procedures for safe and secure transportation and delivery of cannabis, cannabis products and currency in accordance with state law. [See "Distribution" and "Delivery" sections below] All deliveries and pickups will be scheduled in advance and a member of management will authorize access for the scheduled delivery time by persons pre-approved to deliver products and/or materials to the site.

#### Locks

All points of ingress and egress to the Premises will be secured with commercial-grade, nonresidential doors and door locks in compliance with the City's Building Code and state Regulations. All doors will remain locked, unless they are required to remain unlocked for emergency purposes. Access control is described below.

#### Emergency Access

The Applicant will ensure that the emergency access points on the Property are in compliance

with the California Fire Code and Santa Rosa Fire Department standards.

#### Cash Management

Applicant understands that controlling the amount of available cash is critical to lowering the risk of theft or robbery. Applicant will mostly utilize and accept bank cards, debit cards, and credit cards in order to limit the amount of cash on hand. Applicant has existing relationships with vendors who provide banking and credit card services for cannabis operators and will continue to utilize these services to minimize the amount of cash kept at the Premises.

Applicant will limit potential crime by utilizing a drop or depository safe. Applicant will have a safe located in the limited-access office area that is large enough to handle its cash deposit needs. The safe will be bolted to the ground and the bolts will run through the bottom of the safe where they cannot be accessed. A sign will be placed on the safe that clearly and visibly states "Employees Cannot Open Safe". The drop safe will have an electric time delay mechanism and a double key entry lock.

Applicant will predominantly post signage and decals at the Premises that will send strong messages to potential criminals that the location is prepared and not an ideal target. Applicant will install height markers along the frames of the doorways and yard signs from the alarm company. Signs reminding employees to "MAKE THAT DROP" (reminding employees to drop excess money and large bills) and signs indicating that "FOR EVERYONE'S SAFETY, WE KEEP MINIMAL CASH ON HAND AT ALL TIMES – EMPLOYEES CANNOT OPEN SAFE" will be displayed where it can be seen upon entering the business.

#### Access Control

Door entry chimes will be used to alert Applicant's employees to persons entering the building. Upon entering the Premises, customers will walk to the security check point counter, which will always be staffed during retail business hours, where identification and ages will be verified. Valid customers will then be led by an employee to the dispensary area where product displays and sales occur. Customers will also leave the same way to ensure they are visible at all times. The Premises will have limited entrances and entryways to manage security and control access.

For any restricted or employee-only areas, key card access will be installed and used. These areas will include areas off-limit to the public and employee only entrances.

#### Building Appearance

Applicant understands that keeping a clean and well-maintained building appearance will help deter crime or other nuisances. Applicant will ensure that its Premises and surrounding areas never have any broken windows, graffiti or visible trash.