

BRUEGGEN HOLDINGS, INC.

MINOR CONDITIONAL USE PERMIT APPLICATION

FOR COMMERCIAL CANNABIS MEDICAL & ADULT USE:

- CULTIVATION (W/NURSERY) UP TO 5,000 SQ. FT. (TYPE 1A & TYPE 4)
- MANUFACTURING – LEVEL 1, NON-VOLATILE (TYPE 6)
- DISTRIBUTION (TYPE 11)



- Project Site: 374 Yolanda Avenue, Santa Rosa, CA 95404
- APN: 044-072-025
- Zoning: Light Industrial
- Building Size: 9,990 sq. ft.
- Parcel Size: 0.86 acres
- General Plan Designation: Light Industry

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I. PROJECT DESCRIPTION

As provided by the City's cannabis Ordinance ORD-2017-025 ("Ordinance") codified in Chapter 20-46¹ of the City's Zoning Code, Brueggen Holdings, Inc. (the "Applicant") seeks a Minor Conditional Use Permit ("MUP") from the City of Santa Rosa (the "City") to operate commercial medical and adult-use **(1)** cannabis cultivation (w/nursery) up to 5,000 square feet, **(2)** cannabis manufacturing level 1 (non-volatile), and **(3)** cannabis distribution facility.

Applicant proposes to occupy approximately 9,900 square feet of an existing industrial warehouse located at 374 Yolanda Ave (the "project site" or the "facility"). The facility is in turn located within a parcel that is approximately 0.86 acres in size (the "Parcel") APN 044-072-025. Applicant's facility is located in a Light Industrial ("IL") zoning district. The facility has a gated entrance, and the entire perimeter of the project site is fully enclosed. Building modifications will be limited primarily to the interior of the facility. Applicant proposes only minor changes to the exterior or the landscape.

EXISTING USE & NEIGHBORHOOD

The subject parcel contains two existing structures: **(1)** a single-family residential house located on the north side of the parcel facing Yolanda Ave²; and **(2)** a 9,990 square feet industrial warehouse. The residence³ was constructed in 1948 and is retained by the property owner as a caretaker's unit for future storage use (Retired APN 044-072-010). The residence conveniently screens the project site from public right-of-way on Yolanda Ave. Also, the house is separated from the facility by an existing 6-feet high redwood fence along the north perimeter of the parcel.

Applicant's project site is located in a predominantly industrial area, spanning the distance between Santa Rosa Ave to the west and Petaluma Hill Rd to the east. The proposed site is surrounded by a mix of commercial and light industrial uses on the north, east and west sides. However, project site abuts Harvest Park Apartments ("Harvest Park") to the south which is located in a residential zoning district – *see Neighborhood Context Map in EXHIBIT I*.

The project site is fully fenced and is separated from Harvest Park by a newly erected 8-foot-tall "Wood-Crete" fence along the property line – *see EXHIBIT B & EXHIBIT D page 12*. The only entrance to the facility is located on the opposite side of the parcel approximately 270-feet away from Harvest Park residences. The project site can only be accessed from Yolanda Ave by way of an existing 24 feet wide private driveway which in turn is controlled by a 7-foot chain link security

¹ See Santa Rosa City Code Section(s) 20-46.010 through 20-46.100.

² For images of the single-family residence, please refer to *Site Photos EXHIBIT D pages 1-3*.

³ The address for the single-family house is 372 Yolanda while the address for the project site is 374 Yolanda Ave.

fence⁴ with pedestrian and vehicle access double swing gate - *see Site Plan EXHIBIT B*. Importantly, Applicant's proposed business will not be open to the public and access will be limited to employees and approved visitors only.

In addition, the Applicant's Security Plan (*see EXHIBIT G*) provides for the installation of a professionally monitored alarm system including door sensors, window sensors, motion detectors, and exterior lighting. A high-resolution 4K video surveillance system will also be installed to provide around-the-clock monitoring of all internal and exterior areas. Likewise, Applicant will contract with a licensed security company to provide 24-hour security for the facility. The project site is currently vacant and contains no cannabis activities.

❖ ZONING & GENERAL PLAN CONSISTENCY

The project site is located within Light Industrial ("IL") Zoning District with Light Industry General Plan designation – one of the designated zoning districts where cannabis manufacturing, cultivation, and distribution uses are allowed. When adopting the Cannabis Ordinance that allows Cannabis land uses in IL zoning districts, Santa Rosa City Council found that these land uses are consistent with goals and policies contained in the General Plan.

According to the City of Santa Rosa's Zoning Code Section 20-24.020(B), "The IL zoning district is applied to areas appropriate for some light industrial uses, as well as commercial service uses and activities that may be incompatible with residential, retail, and/or office uses. Residential uses may also be accommodated as part of work/live projects. The IL zoning district is consistent with the Light Industry land use classification of the General Plan."

Likewise, according to the City General Plan, "uses appropriate to Light Industry land use classification include auto repair, bulk or warehoused goods, general warehousing, manufacturing/assembly with minor nuisances, home improvement retail, landscape materials retail, freight or bus terminals, research oriented industrial, accessory offices, and employee-serving commercial uses, and services with large space needs, such as health clubs."

Applicant's business is consistent with and meets the abovementioned description. This is so because the proposed business will not only operate as a cultivation facility but will conduct activities similar to general warehousing (cannabis distribution) as well as manufacturing (manufacturing of cannabis products). Further, Applicant's proposed project is in line with the guiding principles of the City's General Plan. The City's General Plan contains policies focused on long-term economic growth, physical development of the City as well as conservation of

⁴ The fence will be fitted with a privacy screen.

resources. Applicant's project site is located in an area designated for commercial and light industrial uses and is almost entirely built out.

As such, the proposed project will require no new infrastructure to be developed. Moreover, Applicant will facilitate local employment and job retention for local residents by hiring workers from the surrounding communities. This will assist the City in maintaining the economic viability of the neighborhood, broaden the available full and part time jobs within the City, and provide a viable commercial service.

❖ PERMIT REQUIREMENTS

The proposed Cannabis land uses are allowed in IL (Light Industrial) zoning districts. Per City's Comprehensive Cannabis Land Use Policy, the applicable permit requirements for IL zoning districts are as follows:

- Commercial Cannabis Cultivation of up to 5,000 sq. ft. Allowed to occur with a Minor Conditional Use Permit.
- Commercial Cannabis Manufacturing level 1 (non-volatile). Permitted by right and qualifies for a permitted use zoning clearance application.
- Commercial Cannabis Distribution. Permitted by right and qualifies for a permitted use zoning clearance application.

However, since Manufacturing level 1 (non-volatile) and Distribution land uses abut residential zoning districts, a Minor Conditional Use Permit approval is required.

II. SUMMARY OF PROPOSED LAND USE

Applicant's business operations are set to take place at the appropriately suited industrial warehouse located at 374 Yolanda Ave. The proposed facility is approximately 9,990 sq. ft. in size which in turn is situated within a parcel that is approximately 0.86 acres. Applicant's proposed cannabis operations will be clearly and distinctly separated from one another by interior partition walls and locked doors with access control mechanisms. While each cannabis use will have its own distinct area within the facility, certain common use areas will be made available to employees of all three uses.

Access to the project site will be restricted to employees and approved visitors only. In addition, Applicant will have designated "limited access" areas available only to authorized personnel. Applicant plans to utilize a portion of the facility conduct ancillary business activities such as financial, administrative, and HR related tasks. Notably, there will be no retail use on-site, and the facility will not be open to the general public.

For the purposes of this application, Applicant has assigned individual suite numbers to identify each proposed cannabis land use. As illustrated in the Applicant's Floor Plan found in *EXHIBIT A on Page 2*, Applicant has assigned the suite numbers in the following manner – *see below*:

Applicant intends to occupy a 9,900 sq. ft. warehouse with the following cannabis uses:

- 4,725 sq. ft. **(Suite A)** cannabis cultivation w/nursery (Type 1A and Type 4)
- 3,925 sq. ft. **(Suite B)** cannabis distribution (Type 11)
- 1,340 sq. ft. **(Suite C)** non-volatile manufacturing level 1 (Type 6) businesses.

The size and the boundary of each individual Suite corresponds to the Applicant's division of space within the proposed facility. Applicant will not commence any cannabis operations until the Company receives all local and state authorizations necessary for each cannabis businesses use.

❖ DIVISION OF SPACE WITHIN THE FACILITY

As mandated by the local cannabis Ordinance, Applicant has computed the total floor area occupied by each proposed cannabis use in gross square feet. To do so, Applicant has used the measurements from the outside perimeter of exterior walls which invariably includes areas associated with wall thickness as well as structural columns, paneling, and exposed beams⁵.

The following are examples of unused space in the Applicant's proposed facility: **(1)** the existing wall insulation intended to minimize heat loss, **(2)** the protruding structural columns along the facility's back wall on the eastern side, and **(3)** the proposed furred walls along the exterior façade on the western side of the building – *please refer to EXHIBIT A*.⁶

In contrast to using exterior wall measurements, Applicant has also used interior wall-to-wall dimensions to calculate the usable or "net" area occupied by each individual room which excludes all unusable areas from the computation. As a result, there is a slight discrepancy between gross and usable square footages.

The difference between gross and usable or "net" floor area is represented by the unused space occupied by exterior walls, interior partitions as well as areas occupied up by structural columns and exposed beams. To reconcile the discrepancy while also complying with local regulations, Applicant has included all the areas associated with unused spaces in the gross square footage calculation of each proposed cannabis use.

The division of space within the facility is as follows:

⁵ Applicant's facility includes exposed protruding structural columns along the back wall on the eastern side.

⁶ Furred walls will extend vertically to the ceiling. For details on locations of furred wall within the facility, please refer to the exterior facade/grid line C found in the Proposed Floor Plan – *EXHIBIT A*.

<u>CANNABIS CULTIVATION (W/NURSERY) UP TO 5,000 SQ. FT.</u>		
(SUITE A)		
Use	Room Name	Square Footage
Cultivation	Veg / Nursery Room	1,127
	Clone / Nursery Room	629
	Trim / Processing Room # 1	568
	Trim / Processing Room # 2	716
	Trim / Processing Room # 3	718
	R&D / Nursery Room # 1	66
	R&D / Nursery Room # 2	66
	Curing Processing Room # 1	209
	Curing Processing Room # 2	208
	Gender-Neutral Restroom or (RR 1)	204
	Difference between Gross & Usable Floor Area ⁷	214
Gross Floor Area Occupied by Cultivation Use		4,725

<u>CANNABIS DISTRIBUTION</u>		
(SUITE B)		
Use	Room Name	Square Footage
Distribution	Distribution Room	367
	Secure Vault Room	807
	Difference between Gross & Usable Floor Area	673
	Common Use Areas	
	Hallway 1	160
	Hallway 2	1,118
	Male Locker Room or (M.L)	84
	Female Locker Room or (W.L)	84
	Employee or (EE) Break Room	108
	Gender-Neutral Restroom or (RR 2)	56
	Ancillary Use Areas	
	Private Offices (4 total)	410
	Storage	58
Gross Floor Area Occupied by Distribution Use		3,925

⁷ As a reminder, the difference between gross and usable floor area is characterized by the unused space occupied by exterior walls, interior partitions as well as areas occupied up by structural columns, panels, and/or exposed beams.

<u>CANNABIS MANUFACTURING LEVEL 1 (NON-VOLATILE)</u> (SUITE C)		
Use	Room Name	Square Footage
Manufacturing	Manufacturing/Packaging	1,307
	Difference between Gross & Usable Floor Area	33
Gross Floor Area Occupied by Manufacturing Use		1,340

For additional details about the project site's general layout as well as the total square footage for the various planned cannabis uses, please refer to *EXHIBIT A*.

❖ BUILDING MODIFICATIONS

Tenant improvements will primarily be limited to the interior of the building which will be broken down into separate areas to accommodate the proposed cannabis uses. Applicant will erect full height partitions walls which will furnish each cannabis use with a separate and distinct space within Applicant's facility.

Next, interior modifications will also include installation of security equipment including limited access keypads which will limit entry to each of the licensed cannabis areas to authorized personnel only. At the same time, specific common use areas such as hallways, bathrooms, break, and locker rooms will be available to employees of all three uses. The square footage of each room associated with the various planned cannabis uses and the shared common areas are illustrated on the proposed Floor Plan provided by Applicant – see *EXHIBIT A*.

Although minor in nature, the exterior modifications will include the installation of exterior security cameras, lights in the front and the rear of the building, and the addition of exterior mounted mechanical equipment. Additionally, 6 out of 8 existing 14' by 14' roll-up doors will be permanently locked and covered with the help of furred walls which will extend vertically to the ceiling.⁸ Site improvements will also include upgrading the existing manual chain link fence gate and add a new bicycle rack near the entrance. Importantly, the manual gate will be upgraded to an automated electric gate w/access control and will be fitted with a privacy screen.

The future improvement plans to widen Yolanda Ave between Santa Rosa Ave and Petaluma Hill Road includes widening the roadway into three lanes – one lane in each direction and a center turn lane. Additionally, the City plans to construct 5-foot-wide bike lanes on both sides of the roadway along with an asphalt curb and a walkway for pedestrian movement. Lastly, since the current right-of-way varies between 40 and about 55 feet, additional right-of-way would be required to

⁸ Furred walls will also extend to the full length and width of the wall/roll-up door where new furring occurs.

accommodate the approximate 60-foot width of the reconstructed roadway. This includes properties that currently front Yolanda Avenue that would be conditioned to include additional right-of-way and frontage road improvements as individual undertakings.⁹

Under the planned build-out conditions of the widening project it may become necessary to relocate, adjust, and/or reconstruct existing fences and driveway aprons. As suggested by the Applicant's traffic engineer, the Applicant should increase the depth of the security fence to a minimum of 67-feet from the centerline of the future build-out of Yolanda Ave – *see EXHIBIT F*.

III. STATE & LOCAL COMPLIANCE

Applicant is committed to complying with all applicable (1) State regulations, (2) County permit requirements, (3) the City's General Plan policies, and (4) the City's locational and operations requirements. In the following sections of the narrative, the Applicant describes how the Company will comply with the existing State and Local regulatory framework.

❖ SANTA ROSA GENERAL OPERATING REQUIREMENTS

Applicant will be in full compliance with all operational standards and conditions required for each cannabis business use as well as any land use specific requirements enumerated in City Code Section 20-46.050. Furthermore, as required by the City's Code Section 20-46.050(E), the Applicant will ensure that the proposed site meets the standards established by the City and the State of California for building permits, fire permits, and CUPA permits. In the following sections, the Applicant provides a description of how the Company's business operation will comply with all applicable state and local laws and regulations.

➤ *Dual Licensing*

Applicant is aware that "Dual Licensing" at both the State and Local level is mandated for all cannabis business (medical and adult-use). In compliance with the City's Code Section 20-46-050(A), the company will seek and obtain both permitting by the City of Santa Rosa and State of California. Applicant will not commence business operations until all State and local licenses and agency permits have been obtained.

➤ *Minors*

Applicant is strongly committed to ensuring the prohibition of minors on or around the facility. As such, Applicant will not employ anyone under the age of 21. Likewise, Applicant will not

⁹ See Yolanda Avenue Widening Project Supplement to the Farmers Lane Extension Environmental Impact Report

allow anyone under the age of 21 onto the premises. Additionally, all guests and visitors will be required to present identification for security and age determination purposes.

➤ *Separation of License Types*

As noted in Code Section 20-46.0509(D), cannabis permits for multiple license types at the same physical address must maintain clear separation between license types unless otherwise authorized by local and state law.

In this case, Applicant proposes to operate medical and adult use commercial cannabis cultivation, manufacturing, and distribution uses or licenses at the project site. As shown in the proposed Floor Plan, to maintain clear and distinct separation between the varied license types, each cannabis use will have its separate, distinct, and walled off area within the warehouse. Employee access to such cannabis related areas will be strictly limited with access control mechanisms that will help maintain the separation between three uses. Lastly, all of the planned cannabis uses will have their own respective entrances and exits.

However, despite the physical separation between the proposed license types, certain common areas such as hallways, restrooms, locker rooms, and break rooms will be shared by and made available to employees of all three uses. For further details on room layout and square footage allocation please refer to the Applicant's proposed Floor Plan – *EXHIBIT A*.

➤ *Inventory & Tracking*

Applicant will utilize a state approved inventory tracking software system in order to fully comply with the State's track and trace system requirements. Applicant will operate in a manner to prevent the diversion of cannabis or cannabis products and will participate in and comply with Marijuana Enforcement Tracking Reporting Compliance ("METRC") system, the State's track and trace program used to track commercial cannabis activity. Applicant will create and maintain an active and functional account within the State's track and trace system and designate one management-level staff member to be the track and trace account manager.

➤ *Building & Fire Codes*

In accordance with the City Code Section 20-46.050(E), Applicant will obtain all pertinent Building and Fire permits prior to occupying the proposed facility and will ensure compliance with Chapter 18 of the City Code. Likewise, Applicant will obtain all annual operating Fire permits with site inspections conducted by City's Fire Department prior to beginning operations.

Furthermore, Applicant will comply with all relevant Health & Social Care ("H&SC") as well as California Fire Code requirements. Especially, those related to the storage, use, and handling of

hazardous materials. While, Applicant does not plan to use any hazardous materials, in the event any such materials are used, Applicant will obtain all required Certified Unified Program Agency (“CUPA”) permits and will complete a California Environmental Reporting System (“CERS”) submission for hazardous materials inventory and any waste generation that meets or exceeds State thresholds for accountability. Lastly, Applicant will provide the Fire Department with keys to the facility’s gates and doors via the Knox Box.

➤ *Design Review*

The proposed project is exempt from Design Review under Zoning Code Section 20-52.030, as there are no proposed exterior changes to the Building.

➤ *Landscaping*

No changes to the existing landscaping are proposed by the Applicant.

➤ *Transfer of Ownership*

Applicant does not plan to transfer ownership or operational control to another operator. However, in the event that the Applicant does transfer ownership, the transferee will first obtain an administrative permit from the Planning Department. The permit will verify compliance with the requirements of the City Code Section 20-46.050(F) and designate the transferee as the new permittee. Applicant understands that owners are required to comply with all conditions of the original permit and have to ensure that the transfer complies with all applicable laws.

➤ *Security*

The safety and security of Company’s employees, guests, and neighbors are of the highest priority to the Applicant. As such, Applicant contracted with Crime Alert Security¹⁰ to create the attached Security Plan for the proposed cannabis cultivation (w/nursery), manufacturing, and distribution uses located at 374 Yolanda Ave. The Security Plan was designed to comply with all applicable State and Local rules and regulations. For details on security equipment and procedures please refer to Security Plan in *EXHIBIT G*.

¹⁰ Crime Alert Security has extensive experience working with cannabis businesses throughout Northern California to advise on best practices and implement security systems.

✓ Locks & Access Controls

The facility will be closed to the public and will have limited access areas. In accordance with City Code Section 20-46.050(G)(5) and California Code of Regulations (“CCR”) Section 5046, all access points will be locked and secured with commercial-grade door locks w/ access control keypads and window locks that will prevent outside access to the facility in general and specifically to the various rooms within the cultivation, manufacturing, and distribution areas. Access to the facility will be restricted to authorized personnel, approved visitors, and scheduled deliveries only. While the authorized Company staff will be furnished with key fobs that limit access to permitted areas only, non-authorized personnel – such as visitors or vendors – will be required to sign into the facility and provide valid identification. For further details, including security equipment list, please refer to *EXHIBIT G page 10*.

✓ Video Surveillance System

Applicant will install a digital video surveillance system to provide monitoring of all internal and exterior areas where cannabis is grown, manufactured, weighed, packaged, stored, and loaded for transportation. Every camera will be mounted permanently in a fixed location and be capable of effectively and clearly record images of areas under surveillance. Surveillance cameras will run 24 hours a day, seven days a week and will capture high quality images in any lighting condition so as to allow for clear and certain identification of all individuals as required by Code Section 20-46.050(G)(1). In accordance with CCR 5044(I), all recordings will be kept on-site for a period of not less than 90 days. For further details please refer to *EXHIBIT G: Security Plan*.

✓ Alarm System

Applicant’s facility will be protected by an alarm system installed, maintained, and monitored by Crime Alert Security. The alarm system will include sensors to detect entry and exit from all secure areas and windows. Per City Code Section 6-68.130, Applicant will obtain an alarm permit from the City’s Police Department prior to installing the alarm system.

Additionally, Applicant will designate a manager to be the local site contact person for the security services company and on-call emergency contact for the City’s Police Department. The name and contact information of the alarm system installation and monitoring company will be kept on site.

✓ Secure Storage & Waste Disposal

Pursuant to the City’s Cannabis Ordinance Code Section 20-46.050(G)(3) and CCR Section 5033, all cannabis products and associated product waste will be stored, secured, and disposed of in a

manner that prevents diversion, theft, loss, hazards, and nuisance. All cannabis products and cannabis waste at the facility will be inventoried and entered into the track and trace system, along with the employee's identification number, date, time, quantity, and any other required data.

As is illustrated in the proposed Floor Plan, Applicant's secure storage – "Secured Vault" room – is approximately 807 sq. ft. in size and is designed to meet state and local requirements. The secure storage areas will include multiple security cameras and will only be accessible by management and authorized staff members.

All cannabis waste will only be placed into the dumpster for disposal at such time that these items are rendered completely destroyed, are unrecognizable and unusable – *see Site Plan EXHIBIT B & Site Photos EXHIBIT D page 14*. Cannabis waste will be placed in a locked waste receptacle, consisting of physical barriers, that will be hauled by the Applicant's waste removal vendor. Additionally, applicant will ensure the on-site dumpster is locked at all times. Lastly, all cannabis waste will be entered into METRC, the state's track-and-trace system.

✓ Emergency Access

Applicant's security measures will be compliant with the California Fire Code and City's Fire Department standards. As mandated by City Code Section 20-46.050(G)(6), Applicant will provide the City's Fire Department with a knox box that contains keys to facility's security gate.

Additionally, as detailed in "Site Access & Circulation" section below, the Applicant's proposed project site contains a designated vehicle turning area which ensures adequate emergency vehicle access, turnaround, and maneuvering room.

➤ Odor Control

Applicant's proposed Project will comply with the City's odor mitigation standards set forth in Code Section 20-46.050(H) (1-3). Applicant contracted with Matthew Torre, a certified engineer, to design an odor mitigation plan which ensures that sufficient measures are in place to prevent the cannabis odor from being detected outside of the Applicant's facility and becoming a nuisance to surrounding neighborhood. See *EXHIBIT E: Odor Mitigation Plan*.

Odor mitigation will be accomplished through the use of carbon filtration throughout the facility to ensure no cannabis odors escape. Applicant's air filtration system will absorb and reduce odors inside the building which, in turn, will reduce irritants for employees, vendors, and neighbors.

The operational procedures and the maintenance plan will include activities undertaken to ensure the odor mitigation system is kept current and functional at all times. This will include staff training procedures and engineering controls. Additionally, Applicant will put in place training

procedures for maintaining the system, including preventative maintenance such as filter replacement. All odor mitigation systems and plans will be consistent with accepted and best available industry – specific technologies to effectively mitigate cannabis odors. For further information please refer the Odor Mitigation plan – *EXHIBIT E*.

➤ *Lighting*

All interior and exterior lighting will be designed and installed according to best management practices and technologies for reducing glare, light pollution, and light trespass onto adjacent properties. Both exterior and interior lighting for the Applicant’s project site will comply City’s Zoning Code Sections 20-30.080 and 20-46.050(I).

The exterior lighting will provide sufficient illumination and clear visibility to all outdoor areas of the premises including all points of ingress and egress. Exterior lighting will be stationary, fully shielded, directed away from adjacent properties and public rights of way, and of an intensity compatible with the neighborhood. Additionally, foliage and landscaping will be regularly trimmed and maintained to prevent it from blocking security and safety lightings.

The interior of the facility will be well illuminated throughout the various business uses, rooms, and hallways. All interior light systems will be fully shielded, including adequate coverings on windows to confine light and glare to the interior of the structure.

➤ *Noise*

The Applicant will operate in full compliance with the City’s noise ordinance found in Code Chapter 17-16. The use of air conditioning, ventilation, and odor mitigation equipment will not contribute to an increase of noise outside the proposed facility. Generators will not be used at the site unless needed in an emergency situation to act as a short-term temporary backup system.

Accordingly, no special measures are required to comply with the City’s noise ordinance because the Applicant’s Project will not involve any equipment that could produce noise in excess of 70 decibels, which is the baseline ambient noise level for industrial zones under Section 17-16.030.

➤ *Traffic*

Applicant contracted with Transpedia Consulting Engineers to conduct a traffic study in order to estimate traffic trip rates that would be generated by the Applicant’s proposed Project. Please see the Trip Generation Study – *EXHIBIT F*.

Based on the Trip Generation Study findings, in comparison to the permitted use, 8 net trips more during AM peak hour and 9 net trips more during PM peak hour – see Table one in *EXHIBIT F* page 3. Because the proposed project would be expected to generate fewer than 50 trips during either the AM or the PM peak hours, a full traffic impact study was not required per the City’s guidelines and there are no foreseeable significant adverse traffic impacts as a result of the proposed cannabis business uses. For further details, please refer to *EXHIBIT F* pages 2-3.

➤ *Site Access & Circulation*

As discussed above, the project site would be accessed from Yolanda Ave via paved concrete driveway with an entry apron and curb cuts. The driveway leads to an asphalt concrete parking lot with 15 parking spaces and a designated vehicle turning area. Based on the Trip Generation Study, prepared by Transpedia Engineers, Applicant’s all internal project roadways appear to be adequately wide for moving traffic and parked vehicles – see *EXHIBIT F* page 5.

The access aisle inside the proposed facility’s parking lot is approximately 28 feet wide which is sufficient for a two-way moving traffic and provides suitable access for vehicle maneuverability within the parking lot. Likewise, the facility’s 24 feet wide private driveway is also sufficiently wide to accommodate bidirectional traffic to and from the project site. As such, all existing vehicle passageways are of sufficient width for two-way traffic to occur simultaneously as well as to provide suitable maneuvering room.

Additionally, to ensure adequate emergency vehicle access turnaround, Adobe Associates – a civil engineering firm – evaluated the existing vehicle turnaround area within Applicant’s parking lot – see *Site Plan EXHIBIT B*. Adobe Associates determined that Applicant’s drive aisles and the turnaround area is consistent with City design standards for a full-size fire truck turnaround. Specifically, the facility has sufficient turning radius for a standard Santa Rosa fire truck to make a U-turn and exit Applicant’s site in a forward direction. For further details regarding the Fire Truck Turnaround Plan, please refer to *EXHIBIT K*. For ease of viewing, Applicant has circled the installed fire truck turnaround in the attached exhibit.

Most importantly, the turnaround area can be utilized not only by emergency vehicles but also by commercial delivery trucks and vehicles. It should be noted that site circulation for delivery vehicles was not evaluated as it is commonly understood that deliveries would be made by commercial vans, pickup trucks, or box trucks, all of which are smaller than a Standard Santa Rosa fire truck which is approximately 31 feet long and 8 feet wide.

As such, vehicle access to the facility, parking lot maneuverability, as well as turnaround would function satisfactorily for compact cars, large passenger vehicle as well as commercial cargo vans

and box trucks. Lastly, it should be noted that the facility will not accommodate any vehicles larger than a standard Santa Rosa fire truck.

➤ *Parking Analysis*

As illustrated in the attached Site Plan, the proposed facility has 14 dedicated parking spaces, 2 of which are ADA accessible – see *Site Plan EXHIBIT B*. Applicant is also planning to erect a bicycle rack, near the facility’s entrance, to hold a minimum of 3 bicycles. The business will not be open to the public and will have adequate parking spaces to accommodate all employee, visitors, and business deliveries.

Parking was evaluated to determine if the existing supply would be adequate to satisfy the City’s parking and loading standards codified in Municipal Code Section 20-36.040. Please see the parking computation table below and refer to the Trip Generation Study in *EXHIBIT F*.

USE	PARKING REQUIRED	TOTAL SQ FT	SPACES REQUIRED
Cultivation	1 vehicle space per 1,000 sf 1 bicycle space per 14,000 sf	4,725 sf / 1000 sf 4,725 sf / 14,000 sf	4.75 or 5 vehicle spaces 0.33 or 0 bike spaces
Manufacturing	1 vehicle space per 350 sf 1 bicycle space per 7,000 sf	1,340 sf / 350 sf 1,340 sf / 7,000 sf	3.83 or 4 vehicle spaces 0.19 or 0 bike spaces
Distribution	1 vehicle space per 1,000 sf 1 bicycle space per 14,000 sf	3,925 sf / 1,000 sf 3,925 sf / 14,000 sf	3.93 or 4 vehicle spaces 0.28 or 0 bike spaces
Total Parking Spaces Required per Code Section 20-36.040 ¹¹			Vehicle - 13 Bicycle¹² - 1
The Number of Existing Parking Spaces for Vehicles The Number of Proposed Parking Spaces for Bicycles			Vehicle - 14 Bicycle - 3

The parking computation indicates that the project site’s existing 14 parking spaces exceed the number of required spaces by 1 vehicle parking space. Accordingly, per Municipal Code Section 20-36.040, Applicant’s Project meets and exceeds the City’s parking requirements by furnishing 14 vehicle and 3 bicycle spaces.

¹¹ For parking computations, the City requires that a fraction of 0.5 or greater shall be increased to the next higher number and a fraction of less than 0.5 shall be reduced to the next lower number.

¹² Please note that Cultivation and distribution uses were summed together to yield a total of 1 bicycle space.

➤ *Speed Limit on Yolanda Avenue*

Applicant's proposed cannabis facility is located on 374 Yolanda Ave, in Santa Rosa. Yolanda Ave is two-lane roadway that runs east to west connecting Petaluma Hill Rd to Santa Rosa Ave. Yolanda Ave has a speed limit of 35 miles per hour for both eastbound and westbound traffic.

Applicant had received a comment from the City's Traffic Department asking to correct an apparent inconsistency related to posted speed limits. In the application narrative as well as the Traffic Study, Applicant had indicated a speed limit of 35 mph for eastbound and 40 mph for westbound traffic on Yolanda Ave. Nancy Adams, a Transportation Planner with the Traffic Department, noted that the posted speed limit shown by the Applicant was erroneous for westbound traffic and needed to be corrected to 35 mph.

Following a brief research into the matter and with the help of Mr. Mousa Abbasi from Transpedia Consulting Engineers, it was discovered that the speed limit sign showing 40 mph was incorrect and needed to be changed. Ms. Adams from the Traffic Department escalated the issue up the chain of command to Mr. Rob Sprinkle – a Deputy Director with the Traffic Department. Since then, it's been confirmed that the speed limit sign has been corrected to reflect 35 mph for westbound traffic on Yolanda Ave.

➤ *Hours of Operation*

Applicant proposes to operate the facility twenty-four hours a day, seven days a week, to ensure security on the premises. However, Applicant anticipates the actual business activities - for all three use types - to take place primarily between 9:00 AM and 9:00 PM to avoid peak traffic congestion on the highways. As such, Applicant plans to conduct all business operations between the hours of 9:00 AM and 9:00 PM, 5 days a week unless the review authority imposes more restrictive hours.

❖ COMPLIANCE WITH STATE LAW

Applicant is committed to operating a compliant cannabis business in accordance with all applicable State laws and regulations, including but not limited to the guidelines defined by the Medicinal and Adult-Use Cannabis Regulation and Safety Act ("MAUCRSA"). Applicant will acquire all necessary State licenses available for a medical and adult-use cannabis cultivation, manufacturing, and distribution. Importantly, Applicant's operational standards will comply with State licensing requirements and conditions including, but not limited to operational controls on background checks, prior felony convictions, restrictions on multiple licenses and license types and locational criteria.

➤ *State License Types & Licensing Requirements*

Applicant will obtain all applicable state and local authorizations related to operating a cannabis cultivation, manufacturing, and distribution business. Applicant recognizes that in order to obtain a State Commercial Cannabis License, Applicant must first obtain authorization from the local jurisdiction. As a new operator, Applicant will not commence operations until all necessary state licenses and local permits have been received. Upon approval of the local license, Applicant plans to submit the State application(s) for both medical (M) and adult-use (A) designations.

State licenses being sought by the Applicant are as follows:

- State License Type 1A and Type 4: Specialty Indoor Cultivation (w/Nursery) between 501 and 5,000 square feet of total canopy.
- State License Type 6: Manufacturing (Non-Volatile, Level 1)
- State License Type 11: Distribution

Applicant will not start operations until all necessary State licenses have been received.

➤ *Environmental Assessment / CEQA*

CEQA Section 21083.3 provides that if a proposed development project is consistent with the City's General Plan and an environmental impact report was certified with respect to that General Plan, then:

An environmental review shall be limited to effects on the environment which are peculiar to the parcel or to the project and which were not addressed as significant effects in the prior environmental impact report, or which substantial new information shows will be more significant than described in the prior environmental impact report.

Similarly, CEQA Guidelines Section 15183 states that:

Projects which are consistent with the development density established by zoning, community plan, or general plan policies for which an EIR was certified shall not require additional environmental review, except as might be necessary to examine whether there are project-specific significant effects which are peculiar to the project or its site.

Applicant's Project has been found to be in compliance with the California Environmental Quality Act (CEQA) Section 21083.3 and CEQA Guidelines Section 15183.¹³ Additionally, the facility at

¹³ See Ordinance No. 4078 (Ordinance of the Council of the City of Santa Rosa amending Title 20 of the Santa Rosa City Code – Reclassification of the property located at 372/374 Yolanda Ave).

374 Yolanda is consistent with the City's General Plan for which an Environmental Impact Report (EIR) was certified in November 2009¹⁴. Lastly, a review of the subject property has revealed no significant environmental impacts which are peculiar to the parcel or to the project.¹⁵

➤ *Employee Hiring & Training*

Applicant estimates that at full capacity the Company will hire approximately 15 to 20 full-time employees to meet the needs of the various business uses. All employees will submit to and pass background checks as required by State law.

Additionally, Applicant will maintain a current register of all Company employees and, within the limits permitted by law, will make those records available for inspection. These records will be maintained onsite as well as electronically for easy and prompt delivery to any City officer or official for purposes of compliance.

All new hires will be trained by the Applicant in accordance with applicable State and Local laws and regulations. Importantly, new hires will receive individualized training – on an ongoing basis – that will cover all relevant aspects of the business. Additionally, as mandated by State laws and regulations, the Applicant will maintain thorough employee training records including employee names, a roster of successful training completion, and documents detailing the training topics.

IV. SPECIFIC USE REQUIREMENTS

As previously mentioned, Applicant seeks a Minor Conditional Use Permit to operate a **(1)** cannabis cultivation (w/nursery) up to 5,000 sq. ft. (Type 1A and Type 4); **(2)** cannabis manufacturing level 1, non-volatile (Type 6); and **(3)** cannabis distribution (Type 11) business.

Applicant aims to create and operate a facility which is in full compliance with state and local cannabis laws and regulations. In addition to the general application requirements that have been discussed thus far, in the following sections of the narrative below, Applicant discusses the various planned cannabis uses and how each use will comply with all applicable specific use sections of the City's comprehensive cannabis ordinance.

¹⁴ See General Plan 2035 Environmental Impact Report, certified by the Council on November 3, 2009 (SCH No. 2008092114).

¹⁵ *Id.* Ordinance No. 4078.

❖ CANNABIS CULTIVATION (SUITE A)

Applicant has planned its cannabis business operations in accordance with the City's Comprehensive Cannabis Ordinance, more specifically, the requirements dealing with specific use requirements for commercial cultivation of cannabis detailed in Section 20-46-060.

The cultivation portion of the warehouse, located at Suite A, will be partitioned into multiple rooms for plant breeding, cloning, vegetation, flowering, harvesting, as well as drying and trimming processes. No cultivation will take place outside; Applicant proposes only indoor cannabis cultivation.

Applicant's grow operations will take place in designated "Veg/Nursery" and "Clone/Nursery" rooms occupying approximately 1,127 and 629 usable square feet, respectively. For the purposes of cultivation research and development, Applicant will utilize two equally sized "R&D/Nursery" rooms each occupying roughly 66 square feet.¹⁶ Applicant's cannabis processing activities will take place in three individual "Trim/Processing" rooms with a combined area of approximately 2,002 square feet and two "Curing/Processing" rooms with a combined area of approximately 417 square feet. The cultivation space will also feature a gender-neutral restroom identified on the Applicants' Floor Plan as "RR 1".

After accounting for the areas associated with unused spaces such as wall furring and exposed columns, the total space designated for indoor cultivation equals to approximately 4,725 gross square feet. For details on the layout of each individual cultivation room within the facility please refer to proposed Floor Plan in *EXHIBIT A*. Additionally, a complete list of all cultivation rooms with their respective square footages, can be easily found in Section II of this narrative titled "Division of Space within the Facility" on page 5 above.

➤ *Overview of Cultivation Operations*

Applicant is committed to producing the highest quality cannabis possible and has established cultivation methods and developed rigorous strategies to achieve this goal. Cultivation operation will incorporate the use of tables, trays, and movable rolling benches. Cannabis plants will be grown in above-ground pots and watered through a drip irrigation system. Specifically, cultivation process will utilize treated water and Dosetron fertigation injectors to supply Jack's fertilizer via top feed drip irrigation with Netafim pressure compensating emitters. Plants will be grown in either rockwool or coco media substrate on rolling benches.

¹⁶ Per CCR Section 8302, nursery licensees may maintain a research and development area, as identified in their cultivation plan, for the cultivation of mature plants.

All interior areas devoted to cannabis cultivation will be secured by means of strict access control policies that will provide access only to individuals having direct grow responsibilities. Only authorized cultivation employees and management staff will be allowed in the cultivation grow or processing rooms. Said personnel will be required to be dressed in the appropriate attire, including gloves and facemasks, before they are allowed into the grow room and specifically when handling cannabis products. Employees will also be required to have a spare change of clothes for use in the cultivation site thus avoiding pests and contaminants from outside the facility.

All flowering plants will be given a Unique Identifier (“UID”) in accordance with CalCannabis Regulations Section 8403. Cannabis plants maintained outside of the designated cultivation areas will be prohibited from flowering. As such, if any plant outside the cultivation area does begin to flower, a UID will be applied, and the plant will be promptly moved to the designated cultivation area and reported into the track and trace system. Additionally, Applicant will comply with all packaging and labeling requirements mandated by CalCannabis Regulation Section 8212.

➤ *Nursery: Cloning & Vegetative Processes*

Applicant’s cultivation operation will include nursery cultivation of clones, immature plants, and seeds. The nursery cultivation will be conducted within the “Clone/Nursery” room of approximately 629 square feet in size. Per CCR Sections 8301 & 8403, Applicant will tag all mature, flowering plants and all plants (or portions of a plant) that are used for seed production with UID. Applicant understands and acknowledges that all products, except seeds, derived from these plants, are prohibited from entering the commercial distribution chain.

Additionally, Applicant intends to propagate plants on the premises in a designated “Veg/Nursery” room that occupies approximately 1,127 sq. ft. Applicant has developed procedures to manage the development of cannabis plants during the vegetative stage in the plant’s life cycle. For example, teen plants will remain in vegetation until they grow into pre-flowering adults with a height of approximately two to three feet. This period of growth typically lasts for approximately one month. During this time, employees will utilize various cultivation practices designed to encourage vigorous growth such as topping, filming, pruning, and bending.

Lastly, pursuant to the state nursery license, Applicant will maintain two equally sized “R&D/Nursery” rooms. The R&D activities will allow for testing of the cannabis plant throughout the plant life cycle aiding Applicant to improve its product, process, and brand by testing different strains, grow mediums, and nutrients. All plants in the research and development area will be tagged with a UID pursuant to CCR Section 8403 and all products derived from these plants will be prohibited from entering the commercial distribution chain.

➤ *Drying & Trimming*

Per CalCannabis Regulation Section 8300, Applicant will process harvested cannabis only in the designated drying and trimming rooms. For the purpose of cannabis trimming, Applicant has designated 3 individual “Trim/Processing” rooms with a combined area of approximately 2,002 sq. ft. Likewise, to successfully perform on-site cannabis curing or drying, Applicant has assigned two separate “Curing/Processing” rooms with a combined 417 sq. ft. area.

The drying process will start by hanging the cannabis branches upside down in a dark room for approximately one week. Said plants will be naturally dried in a temperature-controlled room with adequate air circulation. Trimming will be done in one of the 3 assigned “Trim/Processing” rooms which contain ample lighting and more than adequate seating with tables and chairs. Trimming will entail cutting off any remaining plant matter (leaves, stems, etc.) from the dried cannabis plant. While trimming can be done by either hand or by using a machine to remove the bulk of excess plant material, Applicant intends to utilize hand tools to complete the work.

➤ *Water Use and Wastewater Treatment*

Applicant looks to integrate several innovative water management technologies into its indoor cannabis cultivation facility. As such, Applicant has contracted Silver Bullet Water Treatment (“SBWT”), a water treatment solution provider for the energy and agriculture industries, for help with drafting a complete water management strategy designed, installed, and monitored by SBWT –see *Water System Evaluation & Proposal in EXHIBIT J*.

SBWT suggests reusing condensate and irrigation runoff. At the request of the Applicant, SBWT has spec’d a reclaim filtration and reuse process to recapture irrigation runoff and reuse nutrient inputs. City water will be used as the primary water source. Based on the water quality, SBWT has determined that a multi-stage filtration system will be sufficient to remove water quality constituents of concern including chlorine residuals, fluoride, hardness elements, and sodium. The filtration system would include softener, carbon and nanofiltration, each requiring a separate backwash cycle that extends the life of the filtration media/membrane saving on operational costs.

Based on the initial water usage estimated at 1500 gallons per day, the design calls for city water and condensate reclaim to be blended in a 750-gallon storage tank and processed through a single filtration process train. Filtered freshwater will then be stored in a 2,100-gallon storage tank and blended with return irrigation water, if applicable. For further details please see *Water System Evaluation & Proposal in EXHIBIT J*.

The table below shows the proposed water treatment system for Applicant’s proposed facility:

System	Storage Capacity	Filtration	Disinfection
City Water Supply	-	Softener, Carbon, Nano-Filtration	SBWT AOP System
Condensate Reclaim	750		
Freshwater	2,100		
Irrigation Distribution	-	-	SBWT Chemical Dosing System
Irrigation Return VEG	40	Sediment, Carbon Filtration	SBWT AOP System
Irrigation Return F1	40		
Irrigation Return F2	40		

➤ *Staff Training and Education*

All employees will be trained in cultivation procedures to ensure a consistent, quality product. Employees will not be allowed to work without completing necessary training. All newly hired staff will receive training on our cannabis operations. Staff training will be ongoing, and will cover such topics as: safety awareness, emergency procedures, inventory control, cannabis strains and benefits, and any other job-specific requirements to ensure compliance with pertinent state and local regulations as well as to furnish opportunities for ongoing professional growth and success.

➤ *Pesticide Use*

Applicant will conduct cultivation of cannabis in conformity with all relevant State and Local laws and regulations which govern the use of pesticides. If fumigation is utilized, it will directly comply with the California Fire Code.

Applicant recognizes that Section 8307 of the CalCannabis Regulations requires licensees to comply with all pesticide laws and regulations enforced by the Department of Pesticide. Applicant does not plan to use chemicals on-site and intends to have a pesticide-free cultivation space. However, in the event that Applicant does use pesticides, Applicant will only use pesticides that are legally approved by the Department of Pesticide Regulation.

➤ *Sales Receipts and Records Retention*

As required by CalCannabis Regulations Section 8400, Applicant will keep and maintain all records, applications, reports, or other supporting documents for a period of at least seven (7)

years from the date the document was created. Applicant will generate and retain sales invoices and receipts with detailed information about the cannabis and non-manufactured cannabis sold (CalCannabis Regulations Section 8401). Applicant will retain all records in a manner that allows the records to be provided at the licensed premises or delivered to the state upon request (CalCannabis Regulations Section 8401).

In accordance with CalCannabis Regulations Section 8400(d), Applicant will maintain the following records at the facility:

- i. Cultivation licenses issued by the Department of Food and Agriculture
- ii. All records evidencing compliance with the environmental protection measures
- iii. All supporting documentation for data or information input into the track and trace system
- iv. All UIDs assigned to product in inventory and all unassigned UIDs
- v. Financial records
- vi. Personnel records
- vii. Records related to employee training for the track and trace system
- viii. Contracts with other state-licensed cannabis businesses
- ix. Permits, licenses and other local authorizations to conduct cannabis activity
- x. Security records
- xi. Records associated with composting or disposal of cannabis waste and
- xii. Documentation associated with loss of access to the track and trace system

❖ CANNABIS DISTRIBUTION (SUITE B)

Applicant's proposed distribution business with ancillary¹⁷ office and storage space as well as common use areas will occupy approximately 3,925 gross square feet within Suite C of the facility. The distribution operations will include a secured storage w/ a vault of approximately 807 square feet of usable space and a distribution room of approximately 367 square feet of usable space. For the purposes of conducting ancillary business activities such as financial, administrative, and HR related tasks the distribution space will feature 4 personal office spaces with a combined usable area of 410 square feet. Additionally, 58 sq. ft. storage room will be used as janitor's closet and dedicated to administrative storage items for the facility.

Lastly, a total of 1,610 square feet of common use areas such as – hallways, restrooms, as well as employee locker and break rooms – will be shared by and made available to employees of all three uses. For further details regarding the layout of each room, please refer to the proposed Floor Plan

¹⁷ Per City of Santa Rosa Cannabis regulations, the term "Ancillary" means a use that is related but subordinate to the primary or dominant use of the site.

in *EXHIBIT A*. The resulting gross square footage for the distribution use, including areas associated with wall thickness and any structural columns, is approximately 3,925 square feet.

The Company's distribution operations will include the procurement, sale, and transport of cannabis and cannabis product purchased and sold between licensed cannabis companies. In addition, Applicant's proposed distribution business will also include providing storage services to other licensees for packaged cannabis goods that will be sold at retail. Lastly, Applicant will conduct other basic distribution functions which may include, but are not limited to, arranging for testing by a licensed testing facility, checking for appropriate packaging and labeling, collecting taxes, and acting as a wholesaler.

➤ *Overview of Distribution Operations*

Business deliveries and shipments to and from the facility will occur 1-2 times per week. Said business activities will occur during normal business hours and all transportation to the facility will be required to be scheduled in advance. Applicant's business will be closed to the public.

The distribution room is large enough that a van-sized vehicle can pull into to the building through a 14' wide by 14' high overhead metal roll-up door on the west side of the facility – *see Elevation Drawing EXHIBIT C*. Upon entering the project site, transport vehicles will pull into the designated loading area and park inside the distribution room. This will provide for a secure loading and unloading of cannabis products away from public's view. Site managers will always verify that there are no unauthorized persons or vehicles in the parking lot prior to opening the roll-up door. Importantly, during deliveries there will be a security guard present – near or around the entrance gate – to direct, guide, and inform arriving and exiting vehicles.

Applicant will only conduct business with and receive cannabis from other California licensed operators such as licensed cultivators, manufacturers, and distributors. Additionally, Applicant will only distribute final products to licensed California retailers to support the State's mission of having properly tracked and traced cannabis. Similarly, when providing transportation services, Applicant will only transport cannabis between licensed California operators.

➤ *Premises*

As mentioned above, Applicant's distribution room is large enough that a van-sized vehicle can pull into to the building through the overhead roll-up door. The proposed facility will only accommodate delivery vehicles such as pick-up trucks, large sedans, and box trucks. No semi-trucks will be expected to be on site.

All entrances to the project site will be locked and secured at all times with commercial grade locks and access control keypads in compliance with the city's building code and state regulations.

During emergencies, Santa Rosa City Fire department will at all times have access. Applicant will provide the Fire Department with keys to the facility's gates and doors via the Knox Box.

In compliance with CCR Section 5042, Applicant will ensure that anyone on the premises of the distribution facility who is not an employee will be under supervision at all times. Limited-access areas will have a door and a lock that will meet the requirements of CCR Section 5046. Additionally, all doors to limited-access areas will stay closed when not in use. Lastly, to comply with the CCR Section 5025, the distribution facility will be made available for inspection.

➤ *Transportation*

In accordance with Section 5311 of the Bureau of Cannabis Control ("BCC") Regulations, transportation of cannabis goods will only be conducted by Applicant or Applicant's employees. No person under the age of 21 will be allowed inside a commercial vehicle or trailer transporting cannabis goods, and only Applicant or Applicant's employees will be in the vehicle while transporting cannabis goods.

Pursuant to BCC Section Code 5314, prior to transporting cannabis goods, Applicant will generate a shipping manifest through the track and trace system and will securely transmit the manifest to BCC and the licensee that will receive the cannabis goods. Applicant will ensure and verify that the cannabis goods being taken into possession for transport are as described and are accurately reflected in the shipping manifest.

During transport Applicant will ensure that all cannabis goods are locked inside a box or a container. Importantly, Company employees will not leave a vehicle containing cannabis unattended in a residential area or parked overnight in a residential area. The vehicles will be securely locked whenever left unattended. The only permissible deviations will be for rest, fuel, or stops deemed necessary for vehicle repair. Except for cannabis accessories and licensees' branded merchandise or promotional materials, Applicant will not transport any non-cannabis goods with cannabis goods.

➤ *Required Transport Vehicle Information*

Applicant will collect and provide to the BCC proof of ownership or a valid lease for the vehicles and trailers the Company uses to transport cannabis goods as well as the year, make, model, license plate number, and Vehicle Identification Number (VIN). Applicant will also provide the BCC with proof of insurance for each vehicle and trailer. All this information will be provided in writing to the BCC before the vehicle or trailer is ever used to transport cannabis goods. As noted

above, no person under the age of 21 will be allowed in any of the Applicant's commercial vehicles or trailers that are transporting cannabis goods.

➤ *Inventory Reconciliation & Recordkeeping*

In compliance with BCC Regulations Section 5309, Applicant will reconcile all inventories of cannabis goods at least once every 14 days and will keep an inventory log containing detailed information about each batch. If Applicant finds a discrepancy between the inventory of stock and the inventory log or track and trace system that is outside normal weight loss caused by moisture loss, Applicant will commence a full audit of the batch in which the discrepancy is found.

Pursuant to BCC Section Code 5310, in addition to any other records that are required to be maintained by the state or local laws and regulations, Applicant will maintain records relating to branding, packaging, and labeling; inventory logs and records; transportation bills of lading and shipping manifests; vehicle and trailer ownership records; quality-assurance records; records relating to destruction of cannabis goods; lab-testing records; warehouse receipts; and records relating to required tax collection and payments.

➤ *Storage of Batches for Testing*

In order to comply with BCC Regulation Section 5302, Applicant will ensure that when storing cannabis goods for testing, every batch will be stored separately and distinctly from each other. Every container of each batch will be labeled with the following:

- Name and license number of the manufacturer or cultivator who provided the batch
- Date of entry into facility's storage space
- Unique identifiers and batch number attached to the batch.
- Detailed description of the batch
- Weight of or quantity of the batch
- Sell-by or expiration date of the batch if one has been provided.

➤ *Testing Arrangements & Quality Assurance*

In accordance with BCC regulation Section 5304, after taking possession of a cannabis goods batch, Applicant will contact a testing laboratory and arrange for a laboratory employee to come to the Applicant's facility to select a representative sample for lab testing. Applicant or an employee of Applicant will be physically present to observe the lab employee obtain the sample of cannabis goods for testing and will ensure that all proper procedures and protocols are followed, as outlined in the BCC's Regulations Section 5305.

Prior to transporting any cannabis goods to retailers for sale, Applicant will ensure all labels and packaging are compliant with State laws and regulations, and that the weight or count of the cannabis batch comports with the information in the track and trace system per BCC's Regulations Section 5307. Lastly, Applicant will ensure all events have been recorded in the track and trace system as mandated by BCC Regulation Section 5307.

Lastly, in accordance with BCC Section 5303(a), Applicant may package, repack, label, and re-label cannabis for retail sale, and may label and re-label packages containing manufactured cannabis goods with the number of cannabinoids and terpenoids based on testing results.

❖ CANNABIS MANUFACTURING (SUITE C)

In addition to complying with the City's requirements for cannabis businesses found in Section 20-46-50, the Applicant will operate in compliance with the City's cannabis manufacturing requirements detailed in Code Section 20-46-70. Applicant will also comply with all the pertinent state rules and requirements applicable to Type 6 Manufacturing license.

Furthermore, Applicant is strongly committed to complying with all applicable fire and building codes. Importantly, Applicant will comply with the annual certification requirements for manufacturing equipment used on the premises. Included below is a description addressing the additional specific use requirements for cannabis manufacturing.

➤ *Overview of Manufacturing Operations*

Applicant proposes to operate a non-volatile (Level 1) manufacturing operation that will be confined to a single room and occupy approximately 1,307 square feet of usable space – *see Applicant's proposed Floor Plan in EXHIBIT A*. When combined with the unused areas, the gross square footage occupied by the manufacturing use is approximately 1,340 square feet.

Applicant's manufacturing operation will include all activities permitted by the non-volatile manufacturing license, including but not limited to extraction, processing, packaging, sorting, and grading. More specifically, the primary manufacturing activities will include separating and packaging flowers, topical products, and edible; rolling joints; infusing plant material into oils and combining high heat and pressure to make products like rosin.

As applied to the Applicant's proposed manufacturing use, all processes will be solvent-free, non-flammable and nontoxic. Applicant will only use extraction equipment that has been listed or otherwise certified by an approved third-party testing agency or a licensed professional engineer prior to use.

Applicant does not plan to manufacture edibles or cannabis products that would require operators to obtain a food handler certification from the County. Likewise, Applicant does not plan to introduce any closed loop extraction systems into its operations. However, Applicant may explore other non-volatile manufacturing operations in the future including CO2 and ethanol extraction.

➤ *Rosin Press Extraction*

Applicant proposes to conduct rosin press extraction which will be solvent-free, non-flammable, and nontoxic. More specifically, Applicant will use a rosin press to extract resin from cannabis and ultimately create cannabis rosin. Utilizing a rosin press is the safest and cleanest way to extract a concentrate from cannabis. The extraction process is achieved by using pressure and heat in lieu of any type of solvent based extraction process to separate from the cannabis plant the resin containing cannabinoids and terpenes. As such, the final product does not require additional cleaning or further processing, as is the case with solvent based extraction. Applicant plans to purchase a commercial heat press to process rosin on-site.

➤ *Butter & Oil Infusion*

Applicant will conduct infusion utilizing a small self-contained electric kettle. This process requires heating the cannabis with oil or butter to approximately 150 to 160 degrees Fahrenheit for several hours, which allows the cannabinoids to infuse into oil or butter. Applicant will only use “UL Certified” and “NSF Approved” Kettle

➤ *Packaging & Labeling*

As required by CCR Sections 40235 through 40258, all products and ingredients will be handled safely to avoid contamination or allergen cross-contact. Additionally, in accordance with the State’s Labeling and Packaging Requirements, all of Applicant’s consumer cannabis products will be properly labeled and packaged before they leave the facility in their final form. All information provided on labels will be written in English and will be unobstructed and conspicuous to allow the consumer to easily read the information. All label information will be located on the outside container or wrapper of the product for sale by the retailer. Beginning December 31, 2019, all cannabis products will be placed in child-resistant packaging.

➤ *Standard Operating Procedures*

In accordance with Section 40275 of the Department of Public’s Health (“DPH”) Regulations, Applicant will establish and maintain written Standard Operating Procedures (“SOP”) that are

easily accessible to onsite personnel. The purpose of SOPs is to ensure that production occurs in sanitary and hazard-free environment and to ensure that cannabis products are contaminant free.

Applicant will submit the SOPs to the state with Applicant's full application submittal. These SOPs will include: (1) Applicants' security policies and procedures; (2) emergency response procedures; (3) policies and procedures for Good Manufacturing Practices; (4) policies and procedures for Production and Process Control; (5) procedures for complying with all track and trace requirements; (6) inventory control procedures; and (7) waste management procedures.

➤ ***Quality Control and Facility Cleanliness***

In accordance with State laws and regulations, including Section 40250 of DPH Regulations, Applicant will implement appropriate quality control operations to ensure that cannabis and cannabis products are suitable for human consumption or use, and that cannabis product packaging materials are safe and suitable. Applicant will make certain adequate precautions are taken to prevent cross-contact or contamination from any source.

V. NEIGHBORHOOD ENHANCEMENT

While Applicant's main business goal is to create California's premier cannabis brand and achieve a strong financial performance, Applicant is also committed to serving the needs of the community.

➤ **Investing in the Local Economy**

Applicant is dedicated to providing the City and its residents with economic growth opportunities. Over the course of a year, Applicant expects to spend close to \$1,000,000 in total project expenditures. As such, to enhance capital access opportunities and to contribute to local cash flow, Applicant plans to engage in and actively promote procurement of services, supplies, and equipment from local sources. For example, Applicant plans to purchase wholesale products from permitted and licensed local businesses which will include indoor grow supplies, nutrients, supplements, etc. Applicant will also consider local companies for all business-related needs such as advertising and marketing, legal and accounting, security, and general staffing.

➤ **Creating Local Jobs**

Applicant plans to facilitate local employment and job retention for local residents by hiring workers from the surrounding communities. Both the City and County have an experienced and dedicated cannabis labor force for the Applicant to staff its business operations. Applicant estimates that at full capacity the Company will hire approximately 15 to 20 full-time employees

to fill entry-level and skilled positions in management, human resources as well as the Company's production and manufacturing operations. To that end, Applicant will market its hiring campaign by promoting local job postings and utilizing local connections in the cannabis industry to discover new talent.

More importantly, as part of the Company's sustainability goals, Applicant is planning to pay its employees an above-minimum wage¹⁸ as well as provide ample opportunities for professional growth and advancement within the company.

➤ **Charitable Contributions**

Applicant is also a good corporate citizen and wholeheartedly supports charities and social programs that help people in need. As such, Applicant plans to lead the local cannabis community in charitable giving and community building activities. Most importantly, Applicant will donate a portion of its revenue to various local charitable causes and community outreach programs.

VI. CONCLUSION

Applicant seeks an MUP from the City to operate a commercial medical and adult-use **(1)** indoor cannabis cultivation up to 5,000 square feet (w/nursery), **(2)** cannabis manufacturing level 1 (non-volatile), and **(3)** cannabis distribution facility. The Project will incorporate design, building code, fire code, security, and odor measures and will meet all pertinent State and Local requirements to operate a cannabis business. Applicant is looking forward to working with the City on this Project.

¹⁸ The wage computation will be based on the Sonoma County's "Living Wage" computation. The Living Wage calculator is available here: <https://livingwage.mit.edu/counties/06097>.