



CITY OF MORRO BAY
COMMUNITY DEVELOPMENT DEPARTMENT

Commercial (Medical) Cannabis Operation Permit

This approval is based upon the attached findings and is valid only if the attached conditions are met. Failure to comply with the conditions of this permit shall, at the discretion of the Director and pursuant to Morro Bay Municipal Code Chapter 5.50, render this entitlement null and void. Issuance of a commercial cannabis operation permit constitutes a revocable privilege and shall not create any vested rights for the development or use of a property. (MBMC §§ 5.50.010(D), 5.50.090(A).)

CASE NO: CCO-003

THIS PERMIT IS HEREBY APPROVED AND ISSUED FOR:

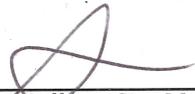
SITE ADDRESS: 1000 Quintana Road
APPLICANT: Perfect Union - Morro Bay, LLC
APN/LEGAL: 066-091-025
DATE APPROVED: September 27, 2019
APPROVED BY: City Manger

DESCRIPTION OF APPROVAL:

The City Manager authorizes a Commercial (Medical) Cannabis Operation Permit for RCP Morro Bay, LLC (Perfect Union) at 1000 Quintana Rd., APN: 066-091-025, within the City's C-2/S.4 (General Commercial) zone.

YOUR PERMIT WILL BE EFFECTIVE UPON RETURN OF A SIGNED COPY OF THE "APPLICANT'S ACCEPTANCE OF CONDITIONS OF APPROVAL" FORM TO THE COMMUNITY DEVELOPMENT DEPARTMENT.

ATTEST:



Scott Collins, City Manager

DATE:

9/27/19

THIS IS A DISCRETIONARY APPROVAL AND DOES NOT CONSTITUTE A BUILDING PERMIT

APPLICANT'S ACCEPTANCE
OF
CONDITIONS OF APPROVAL

CASE NO. CCO-003

SITE LOCATION: 1000 QUINTANA RD.

APPLICANT NAME: PERFECT UNION - MORRO BAY, LLC

APPROVAL BODY: CITY MANAGER

DATE OF ACTION: 09/27/2019

I, _____ the undersigned, have read and
(APPLICANT'S NAME - PLEASE PRINT)

reviewed the conditions of approval imposed by the City of Morro Bay in its action

approving Case Number: CCO-003

I UNDERSTAND AND ACCEPT SAID CONDITIONS AND AGREE TO FULLY COMPLY WITH THEM.

APPLICANT'S SIGNATURE

DATE

**COMMERCIAL (MEDICAL) CANNABIS OPERATION PERMIT
CASE NO. CCO-003
SITE LOCATION: 1000 QUINTANA ROAD, MORRO BAY**

Section 1: FINDINGS OF APPROVAL

1. The Community Development Director (“Director”) (pursuant to Morro Bay Municipal Code (MBMC) Section 5.50.080) determined application CCO-003 from Perfect Union - Morro Bay, LLC (Perfect Union), (hereinafter referred to at times as “applicant” and “Perfect Union”) met the minimum qualifications for a commercial (medical) cannabis operation permit, thereby making the application eligible for review under MBMC Section 5.50.090 by the cannabis permit committee; and,
2. The Director forwarded a written merit list to the cannabis permit committee for use in their review and recommendation process to the City Manager, as required by MBMC Section 5.50.090; and,
3. The cannabis permit committee reviewed application materials, reviewed the written merit list, interviewed the applicant, ranked application CCO-003 from Perfect Union using the merit list criteria, and then provided a recommendation to the City Manager for issuance of a commercial (medical) cannabis operation permit to applicant CCO-003 (Perfect Union), pursuant to MBMC Section 5.50.090; and,
4. The City Manager reviewed the written merit list, reviewed the recommendation from the cannabis permit committee, and conducted an independent review and interview of the applicant, resulting in the City Manager’s concurrence with the recommendation of the cannabis permit committee for issuance of a commercial (medical) cannabis operation permit to applicant CCO-003, pursuant to MBMC Section 5.50.090; and
5. The commercial cannabis operation permit applicant has complied with all of the requirements for issuance of a commercial cannabis operation permit consistent with MBMC Chapter 5.50.

Section II: CONDITIONS OF APPROVAL

The approval of the commercial cannabis operation permit is subject to the following conditions of approval:

GENERAL OPERATING STANDARDS, RESTRICTIONS AND CONDITIONS:

1. Permit: This commercial cannabis operation permit is granted to Perfect Union - Morro Bay, LLC (Perfect Union), for operation of a commercial (medical) cannabis operation at a property identified as 1000 Quintana Rd. and further identified as Assessor Parcel Number 066-091-025.

2. The commercial cannabis operation, which involves retail (medical) and distributor (medical), shall operate in conformance with Chapter 5.50 of the MBMC, all applicable City and State regulations and laws, and issuance and maintenance of a valid and current State license type identified below, and as provided in Business and Professions Code Section 26050:
 - A. Type 10 = Retailer (medical)
 - B. Type 11 (optional) = Distributor (medical)
3. Permit Timeframe: The commercial cannabis operation permit shall be valid for a period of one year from the date of issuance of the certificate of occupancy and unless renewed pursuant to procedures of MBMC Chapter 5.50 shall expire at the conclusion of that one year period. The commercial cannabis operation permit holder may apply for permit renewal, not less than sixty days prior to the permit's expiration date. Renewal of the permit shall be at the sole discretion of the City and shall take place in a manner consistent with Section 5.50.100 of the MBMC. **"Issuance of a commercial cannabis operation permit constitutes a revocable privilege and shall not create or establish any vested rights for the development or use of a property. The city may determine through the procedures provided in [MBMC Chapter 5.50] that for reasons of the health, safety and welfare of the residents and visitors of the city of Morro Bay that a commercial cannabis operation permit will not be renewed."** (MBMC Section 5.50.100(A).) Should the commercial cannabis operation permit holder fail to submit a timely and/or accepted renewal application, including payment of requisite fees, the commercial cannabis operation permit shall be invalid upon expiration.
4. Compliance with the Law: All requirements of any law, ordinance or regulation of the State of California and the City of Morro Bay shall be complied with in the exercise of this approval.
5. Indemnification and Hold Harmless: The applicant, for themselves and their successors in interest ("Indemnitors"), agree to defend, indemnify, and hold harmless the City of Morro Bay, its elected officials, agents, officers, and employees, and each of them ("Indemnitees"), from and against any and all claims, liabilities, damages, losses, costs, fees, expenses, penalties, errors, omissions, forfeitures, actions, and proceedings (collectively, "Claims") against Indemnitees to attack, set aside, void, or annul any of the permits, entitlements or approvals that are the subject of these conditions, and any Claims against Indemnitees which are in any way related to Indemnitees' review of or decision upon the permits, entitlements or approvals that are the subject of these conditions (including without limitation any Claims related to any finding, determination, or claim of exemption made by Indemnitees pursuant to the requirements of the California Environmental Quality Act), and any Claims against Indemnitees which are in any way related to any damage or harm to person or property, real or personal, arising from Indemnitors' operations or any of the entitlements, permits or approvals that are the subject of these conditions. The City will promptly notify Indemnitors of any such claim, action or proceeding against Indemnitees, and, at the option of the City, Indemnitors shall either undertake the defense of the matter or pay Indemnitees' associated legal costs or shall advance funds assessed by the City to pay for the defense of the matter by the City Attorney or legal counsel of the City's choice. In the event the City opts for Indemnitors to undertake defense of the matter, the City will cooperate reasonably in the defense, but retains the right to settle or abandon the matter without Indemnitors' consent. Indemnitors shall provide a deposit to the City in the amount of 100% of the City's estimate, in its sole and absolute discretion, of

the cost of litigation, including the cost of any award of attorneys' fees, and shall make additional deposits as requested by the City to keep the deposit at such level. If Indemnitors fail to provide or maintain the deposit, Indemnitees may abandon the action and Indemnitors shall pay all costs resulting therefrom and Indemnitees shall have no liability to Indemnitors.

6. Compliance with Conditions: Compliance with and execution of all conditions listed hereon shall be necessary, in order to maintain an active commercial cannabis operation permit. Failure to comply with these conditions may render this permit, at the discretion of the Director, null and void. Continuation of the commercial cannabis operation without a valid permit will constitute a violation of the MBMC and is a misdemeanor.
7. Transferability: The commercial cannabis operation permit is nontransferable.
8. Tax: The commercial cannabis operation shall remit tax of 5% of proceeds consistent with City Council Resolution 30-19, and in a manner and at such times and adhere to all commercial cannabis operation tax regulations consistent with MBMC Chapter 3.70. In the event any other lawful tax is levied on the commercial cannabis operation by the City, the commercial cannabis operation shall promptly comply with remittance of such tax as required by law.
9. Tax Penalty: Consistent with Council Resolution 30-19 and MBMC Chapter 3.70 the penalty for late payment of taxes shall be twenty-five percent of the amount of the tax due and the interest rate associated with late payment of taxes shall be ten percent of the unpaid tax calculated from the due date of the tax and the interest rate shall be assessed monthly on the principal of unpaid tax. In the event any other lawful financial tax penalties are levied on the commercial cannabis operation by the City, the commercial cannabis operation shall promptly comply with remittance of such financial tax penalties as required by law.
10. State License: The commercial cannabis operation permit shall not become effective nor shall the applicant commence operations related to this Commercial Cannabis Operations Permit until such time as they have applied and been issued a State license to operate a Commercial Cannabis Business consistent with the Commercial Cannabis Operations Permit and State law (including, but not limited to, the Medicinal and Adult-Use Cannabis Regulation and Safety Act), as amended hereafter.
11. Operations: The commercial cannabis operation shall operate in conformance with the General, Retail, and Delivery operating standards and restrictions identified in the MBMC, including but not limited to, applicable operating standards and restrictions in Sections 5.50.110, 5.50.120, 5.50.130 and 5.50.140 of Chapter 5.50 of the MBMC.

COMMUNITY DEVELOPMENT:

1. Prior to issuance of a certificate of occupancy, the commercial cannabis operator shall schedule and pass a final walkthrough with the Community Development Director, or designee, to ensure compliance with Permit conditions.

BUILDING DIVISION:

1. Building permit plans shall be submitted by a California licensed architect or engineer when required by the Business & Professions Code, except when otherwise approved by the Chief Building Official.
2. The owner shall designate on the building permit application a registered design professional who shall act as the Registered Design Professional in Responsible Charge. The Registered Design Professional in Responsible Charge shall be responsible for reviewing and coordinating submittal documents prepared by others including phased and staggered submittal items, for compatibility with design of the building.
3. **BUILDING PERMIT APPLICATION.** To apply for building permits, submit three (3) sets of construction plans to the Building Division. The Title sheet of the plans shall include:
 - a. Street address, lot, block, track and Assessor Parcel Number.
 - b. Description of use.
 - c. Type of construction.
 - d. Maximum Height of the building allowed and proposed.
 - e. Floor area of the building(s).
 - f. Vicinity map.
 - g. Minimum building set back per zoning designation or conditional use approval.

All construction will conform to the 2016 California Building Code (CBC), 2016 California Residential Code (CRC), 2016 California Fire Code (IFC), 2016 California Mechanical Code (CMC), 2016 California Plumbing Code (CPC), 2016 California Electrical Code (CEC), 2016 California Energy Code, 2016 California Green Code (CGBC), and Accessibility Standards where applicable and all City codes as they apply to this project.

(Code adoption dates are subject to change. The code adoption year is established by application date of plans submitted to the Building Division for plan review.)

4. **SITE MAINTENANCE.** During construction, the site shall be maintained so as to not infringe on neighboring property, such as debris and dust.
5. Prior to building division final approval all required inspections from the other various City Departments shall be completed and verified by a city inspector. All required final inspection approvals must be obtained from the various departments and documented on the permit card.
6. Title 24 form(s) 2F-6R (Certificate of installation) for building, mechanical, electrical and plumbing systems shall be required.

PUBLIC WORKS CONDITIONS:

1. Encroachment Permits: If work is proposed in the public right of way a standard encroachment permit shall be required for the proposed driveway. If a construction dumpster is used, the dumpster location shall be on private property, unless allowed within the City right-of-way by the standard encroachment permit. Any required underground utility connections within City right-of-way or utility easement will require an underground utility encroachment permit.
2. **Additional Notes** - Add the following notes to the plans. These are required for Building Permit Approval.
 - A. Any damage, as a result of construction operations for this project, to City facilities, i.e. curb/berm, street, sewer line, water line, or any public improvements shall be repaired at no cost to the City of Morro Bay.
 - B. No work shall occur within (or use of) the City's Right of Way without an encroachment permit. Encroachment permits are available at the City of Morro Bay Public Works Office located at 955 Shasta Ave. The Encroachment permit shall be issued concurrently with the building permit.

FIRE:

1. Fire Safety during Construction and Demolition shall be in accordance with 2016 California Fire Code, Chapter 33. This chapter prescribes minimum safeguards for construction, alteration and demolition operations to provide reasonable safety to life and property from fire during such operations.
2. Prior to issuance of a certificate of occupancy, the applicant shall schedule a final walk through with the Fire Chief, or designee, to ensure compliance with the Commercial Cannabis Operation Permit and MBMC Chapter 5.50.

POLICE

1. The Commercial Cannabis Operation Permit applicant shall complete all required background checks prior to issuance of a certificate of occupancy.
2. Security Personnel. The applicant shall contract with a licensed security company to provide onsite security personnel during business hours. The security company shall be submitted to the Police Chief for review and approval.
3. Secured Storage. The applicant shall provide onsite secured storage for cannabis, cannabis products and cash against both unauthorized access as well as theft (MBMC 5.50.110(B)(1)). Secured storage may take the form of a vault, security room or similar improvement that shall be constructed using rigid steel mesh or steel plate within the wall and ceiling system. Minimum gauge of steel

mesh or steel plate shall be 3/16th of an inch. The applicant shall utilize steel security doors that open outward for all doors accessing the vault/security room. Design of the security room or vault shall be subject to review and approval by the Police Chief.

4. Security Camera Feed. Security cameras shall be used, installed and maintained in compliance with MBMC 5.50.110(B)(2). The Police Department shall be provided twenty-four-hour access to the security camera feed for all onsite security cameras.
5. Prior to issuance of a certificate of occupancy, the applicant shall schedule a final walk through with the Police Chief, or designee, to ensure compliance with the Commercial Cannabis Operation Permit and MBMC Chapter 5.50.

Section III: Community and Public Benefit

Within thirty (30) days of issuance of this permit, applicant shall enter into a community benefit agreement (“CBA”) with the City that details various community and public benefits to the City and its residents, from applicant, offered by applicant to address impact of the operation of the business on City and its residents as well as to promote the public health, safety and welfare of the City and its residents. The continuing validity of the commercial cannabis operation permit past thirty (30) days from issuance of this permit is subject to execution of a CBA between the City and applicant, consistent with applicant’s offer of community benefits to City, and City’s acceptance of such offer. Failure to enter into a CBA to the satisfaction of the City pursuant to these terms shall render the permit invalid.