

ATTACHMENT D
CITY COUNCIL REPORT 4/19/21

Agenda Report

April 12, 2021

TO: Honorable Mayor and City Council
FROM: City Manager
SUBJECT: PROPOSED ZONING CODE AMENDMENTS TO THE CITY'S CANNABIS REGULATIONS

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the actions proposed herein are exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3) (Common Sense Exemption); and 15301(Existing Facilities); there are no features that distinguish this action from others in the exempt class, and there are no unique circumstances; and,
2. Direct the City Attorney's Office to prepare an ordinance to amend the Zoning Code to adopt the proposed City cannabis regulations with the findings as contained in Attachment A.

BACKGROUND:

STATE AND LOCAL CHANGES IN THE LAW

In November 2016, California voters approved Proposition 64 - The Control, Regulate and Tax Adult Use of Marijuana Act ("Prop. 64"). Prop. 64 permits adults 21 years of age and over to possess and grow specified amounts of marijuana for recreational use. Statewide, Prop. 64 was approved by 57% of voters; in Pasadena, the approval rate was even higher, at 63%. Subsequently, the City Council put forward to voters Measures CC and DD, on June 5, 2018. Measure CC allowed for a limited number of cannabis businesses to operate within the City, and Measure DD applied a business license tax on commercial cannabis activity. Measure CC allows for three types of commercial cannabis uses: retail, cultivation and testing laboratories. The regulations permit up to six commercial cannabis retailers, four cultivators and four testing laboratories, citywide, based on location requirements that are specified in the Zoning Code.

Implementation of Local Rules:

Following approval by voters of Measures CC and DD, the City undertook a qualifications-based selection process for cannabis retailers. The top scoring six applicants were subsequently invited to apply for the required land use approvals, i.e., Conditional Use Permit (CUP) – Cannabis Retailer.

Although Measure CC envisioned permitting up to six retail cannabis locations, there are only *three* retailers that are moving forward. This is due to the distance separation requirements that were established by the City Council, which are more restrictive than those established by the state, coupled with the additional restriction of not more than one retailer per Council district.

Three of the six applicants that were selected to move forward have applied for the same Council District, District 3. However, based on the current regulations, only the first applicant to submit a complete and code compliant application has been processed for District 3, that of Harvest of Pasadena LLC. The applications from the other two applicants, SweetFlower Pasadena LLC and The Atrium Group LLC, are complete but are not being processed. The following chart is a summary of the 6 applicants that were selected to move forward:

	Applicant	Date of Submissions	Proposed Location	Council District	Current Status
1.	SweetFlower Pasadena, LLC	June 12, 2019 June 27, 2019 July 3, 2019 August 8, 2019	827 E Colorado Blvd	3	CUP application complete. Cannot be processed due to other complete applications submitted in Council District 3.
2.	Harvest of Pasadena, LLC	June 12, 2019	169 W Colorado Blvd	3	Cannabis Permit issued – Tenant Improvement work needed prior to opening.
3.	The Atrium Group, LLC	June 12, 2019	70 W Union	3	CUP application complete. Cannot be processed due to other complete applications submitted in Council District 3.
4.	Varda (Tony Fong)	June 17, 2019	3355 E Colorado Blvd	4	Retail location is open.
5.	Integral Associates Dena, LLC	June 27, 2019	908 E Colorado Blvd	7	Retail location is open doing business as Essence.
6.	MME Pasadena Retail, Inc.	September 18, 2019	536 S Fair Oaks Ave	6	Material changes to ownership – withdrawn from consideration.

Three Retail Dispensaries:

While three applicants have received cannabis permits from the City and one applicant has been withdrawn from further consideration, it is unlikely that the other two will be able to obtain their permits before the June 5, 2021 code required deadline. Given the inventory of commercial real estate that is actually available for dispensaries under the existing rules, it does not appear that there will be more than three retail dispensaries in the City. Staff believes that the present situation is not in the best interest of the City, and is not in keeping with the intent of the voters who wished cannabis retailing in the City and reasonably expected there to be six cannabis retailers in the City.

On November 25, 2019, the City Council considered potential changes to the existing rules that would have allowed all six applicants to move forward. However, at that time, none of the applicants had obtained a cannabis permit and the City Council directed staff to return once three applicants had done so (Attachment E, November 25, 2019 Agenda Report and Minutes). As indicated in the chart above, Varda, Essence and Harvest have obtained cannabis permits and staff is returning with proposed changes for the Council's consideration.

Community Benefits:

Approximately 20% of each applicants score was based on their proposed Community Benefits Plan. The Community Benefits Plans for the three businesses that have obtained cannabis permits are included in Attachment F. Some highlights of these plans include: Varda has committed to a minimum 30% local hiring initiative as well as founded a local non-profit called New Discovery Foundation (NDF) which commits a minimum of \$10,000 per year to provide grants to organizations that support or assist in the education of children and those that have been disproportionately impacted in Pasadena. Varda has also committed 5% of its annual net profits for financial assistance to local non-profits, community groups, city initiatives, city needs, and community programs with a focus on educating children and those who have been disproportionately impacted in society. Essence has established a group called the Pasadena Community Advisory Board (PCAB) to identify and participate in community education programs up to four times in any calendar year. Essence will also host its own community education events at least twice per quarter and has pledged one million dollars (\$1,000,000.00) to the betterment of Pasadena, comprised of \$50K donations to 5 different causes (\$250K) per year, for four (4) years after licensure. Harvest has committed to a minimum \$15,000 annually to local charitable and non-profit organizations and has committed to partner with existing Pasadena businesses to provide goods and services necessary for their retail operations. All applicants are required to actively participate in City-led public outreach and educational programs for youth and educational institutions that outlines the risks of youth use of and addiction to cannabis and identifies resources related to drugs and drug addiction. All applicants have also committed to hiring practices which focus on hiring of those disproportionately impacted by cannabis criminalization. If changes are made that would allow additional cannabis permits to be issued, those applicants would also be required to implement a Community Benefits Plan.

DISCUSSION OF PROPOSED CHANGES:

Measure CC provides an explicit mechanism for the City Council to fine tune the regulations, as it authorizes the City Council to make revisions to the regulations without having to return to the voters. The proposed Zoning Code Amendment is recommended as a fair and equitable way of addressing uncertainties that existed when the ordinance was adopted and to carry out the will of the voters and would allow the remaining two applicants to move forward and obtain cannabis permits.

SweetFlower and Atrium are not being processed because the proposed locations are not consistent with the limitation of one dispensary per Council District and the required 1,000-foot buffer between dispensaries. The impending City Council redistricting efforts will most certainly change district boundary lines and supports a flexible policy approach to the restriction of one dispensary per district.

The proposed action would result in a more equitable approach to the processing of these applications while ensuring the protection of sensitive uses without expanding the total number of permitted dispensaries beyond six.

The proposed location changes are as follows:

1. To allow up to three cannabis retailers per council district instead of one; and
2. To decrease the required distance between cannabis retailers from 1,000 feet to 450 feet.

This code amendment will not change any other regulations for cannabis retailers as contained in Section 17.050.066 of the Zoning Code (Attachment D), including the limitation of six commercial cannabis retailers citywide, or the protections from sensitive uses such as schools and churches, or the required distance from residential districts. The proposed limitation of three per council district and the 450 foot distance separation will also ensure that all six retail establishments do not locate in the same immediate area (all located on the same block for example).

Based on the applications that have been submitted, if the two amendments are adopted, there could be three code complaint locations in Council District 3, including the permitted Harvest location at 169 W. Colorado Boulevard, another at 70 W. Union Street and a third at 827 E. Colorado Boulevard. These would be in addition to the other two already permitted dispensaries: Varda in Council District 4 and Essence in Council District 7 (see Attachment C that shows a map of the locations). Based on these locations, the closest distance between retailers would be 475 feet (between SweetFlower and Essence. As indicated above, as the City goes through required redistricting, it is important to note that the per-district summary set forth above will most likely change – and established locations will be grandfathered in.

The Zoning Code contains a number of uses that have distance separations (Attachment D). These distance separations vary from 100- 1,000 feet depending on the use. Staff's proposed distance of 450 feet between retailers, while maintaining the

distance requirement of 600 feet to all other sensitive uses, is consistent with the range of distances that are currently regulated by the Zoning Code. It should be noted that there are no other land uses in the city that have an overall maximum number, besides these cannabis use limitations of six retail, four testing lab and four cultivators. Additionally, the State does not place a cap on the overall number. For retailers, the State only requires a distance of 600-feet to a k-12 school, day care center and youth center. So the local restrictions, even if amended will still be far more stringent than the state restrictions.

PLANNING COMMISSION RECOMMENDATION:

As discussed during the November 25, 2019 meeting, the Planning Commission considered the staff recommended changes and voted to make no changes to the existing cannabis regulations.

Some members of the Planning Commission were not opposed to changing the regulations to allow six cannabis retailers to operate within the City; however there was no consensus on what the changes would be. Some of the suggestions made to staff by individual commissioners as ideas to put forth to the City Council include:

- Allowing one per commercial district instead of one per council district
- Possibly reducing the distance to churches to 500 feet
- Looking at some of the sensitive receptors and making adjustments
- Studying how to diversify the uses throughout the City so locations could open up beyond Colorado Boulevard (including to the north part of the city)

Some members of the Planning Commission expressed concerns over making any changes at this time and about making changes to regulations that are voter approved. In this regard, the voters specifically authorized the City Council to make changes to these regulations in the manner in which other ordinances are amended, without a vote of the people.

EFFECT OF NO CHANGES TO CODE

If no changes to the code are made, it is uncertain exactly what would happen (and existing litigation may also impact the location and number of retailers in the City) but it does not appear that the remaining applicants, SweetFlower and Atrium, would be able to secure a cannabis permit prior to June 5, 2021 and the City would be left with three dispensaries.

Conceptually, three dispensaries may be perfectly acceptable to Council. However, as discussed at the Council's previous meeting, if market demand exceeds that which can be satisfied by the operation of legally permitted operators, an incentive will exist for illegal operators to re-enter the marketplace. As the City has experienced, closing down such operators can be costly and time consuming. If we end up with 3 or even 4 dispensaries, Pasadena would rank as the highest or second highest ratio of population to licensed retailer of the survey cities.

City	Population	Retail Cannabis Permits	Ratio of licenses to population
Pasadena	141,371	6 4 3	23,562 35,342 47,123
West Hollywood	36,854	8	4,607
Long Beach	469,450	31	15,144
San Francisco	883,305	No limit on # of permits 37 retail permits issued to-date (estimate over 100 illegal currently operating)	No limit
Los Angeles	3,990,456	No limit on # of permits 188 retailer permits issued to-date (estimated 250 illegal currently operating)	No limit
San Diego	1,425,976	36 (additional cap of 4 per Council District)	39,610
Santa Cruz	65,021	12	5,418

If the City Council is interested in making amendments to the regulations, it would be appropriate to make them now, since the Planning Department is preparing to begin work with cultivators and laboratories to process their Conditional Use Permits and the allowed locations and distance separation requirements for future dispensaries would be further compounded by the location of any approved dispensary or lab.

ENVIRONMENTAL ANALYSIS:

The proposed action is exempt from the CEQA pursuant to State CEQA Guidelines Section 15061(b)(3), the common sense exemption that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Even if the changes proposed herein were considered a "project," the changes are exempt from CEQA pursuant to State CEQA Guidelines Section 15301 "Existing Facilities" (Class 1). Class 1 consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination. Given the built-out commercial and mixed use areas of the City where these uses may locate, and the fact that the changes proposed herein do not expand those areas, it is virtually certain that such uses will reoccupy existing structures. Beyond the controversy that may surround this particular use, for environmental analysis purposes it is simply a retail use, and there are no unique circumstances that would exempt these changes from a Class 1 exemption.

Finally, as set forth in the Governor's 2019 budget trailer bill, CEQA "does not apply to the adoption of an ordinance, rule, or regulation by a local jurisdiction that requires discretionary review and approval of permits, licenses, or other authorizations to engage

in commercial cannabis activity.” The budget trailer bill extended this exemption to July 1, 2022.

As each retailer may come forward for permits, any potential environmental effects from that particular application will be subject to environmental review during the permitting process.

FISCAL IMPACT:

The proposed changes to the ordinance may result in additional cannabis retailers than would otherwise be allowed under current regulations. This would likely result in additional tax revenues from Measure DD in the hundreds of thousands of dollars.

Respectfully submitted,



STEVE MERMELL
City Manager

Prepared by:



Jennifer Paige, AICP
Deputy Director of Planning
& Community Development

Reviewed by:



David M. Reyes
Director of Planning & Community
Development

Attachments: (6)

Attachment A - Findings
Attachment B - Zoning Code Regulations
Attachment C - Map of CUP Locations
Attachment D - Distance Separations for Other Uses
Attachment E - November 25, 2019 Agenda Report and Minutes
Attachment F - Community Benefits Plans for Varda, Essence and Harvest

ATTACHMENT A FINDINGS FOR ZONING CODE TEXT AMENDMENT

Prior to the approval of a Zoning Code Text Amendment, the following findings must be made:

1. *The proposed amendment is in conformance with the goals, policies and objectives of the General Plan, and other adopted goals and policies of the City.*

The proposed amendments to the Zoning Code are consistent with the goals and policies of the General Plan as outlined below. The proposed changes do not change to allowable zones for the retail cannabis use which are the CO,CL,CG,CD, and IG zoning districts. The amendments do not change the overall number of locations allowed in the City and they do not change any other distance separation requirements including the distance to sensitive uses and residential zoning districts. The amendments do not change the permitting process or any other operating requirements contained in the Municipal Code that will regulate a cannabis retailer that is successful in securing a Cannabis Permit.

The General Plan encourages that sufficient land is available to provide a broad range of uses within the City's commercial corridors and there are diversity of uses offered. Cannabis retail is a retail use that is allowed in five different zones of the City. If a location is proposed that meets the applicable code provisions the cannabis retail use is in conformance with the General Plan as a retail use, and it introduces a new land use to diversify the retail landscape within the city's commercial corridors which is specifically encouraged in Policy 4.2 (A Diversity of Places) and Goal 25.1 (A Diversity of Uses).

Land Use Element

- Goal 2. Land Use Diversity. A mix of land uses meeting the diverse needs of Pasadena's residents and businesses, fostering improved housing conditions, offering a variety of employment and recreation opportunities, and supporting a healthy population while protecting the environment.
 - Policy 2.3 (Commercial Businesses). Designate sufficient land to enable a broad range of viable commercial uses in Pasadena's Central District, Transit and Neighborhood Villages, and commercial corridors. These uses will serve both local and regional needs, reducing the need for residents to travel to adjoining communities, capturing a greater share of local spending, and offering a diversity of employment opportunities.
- Goal 4. Elements Contributing to Urban Form. A safe, well-designed, accessible City with a diversity of uses and forms. These diverse forms include distinct, walkable districts, corridors, and transit and neighborhood villages and cohesive, unique single and multi-family residential neighborhoods and open spaces where people of all ages can live, work, shop, and recreate.
 - Policy 4.2 (A Diversity of Places). Maintain and enhance the City's urban form with distinct, compact, and walkable areas with a diversity of uses, densities, and characters. Offer choices for living, working, shopping, and recreation consistent with community values, needs, and demographics.

- Goal 25. Vital Districts and Corridors. Diverse, active, prosperous and well-designed commercial corridors and districts that provide a diversity of goods, services and entertainment and contribute to a positive experience for residents and visitors.
 - Policy 25.1 (Diversity of Uses) which encourages the development of a broad range of commercial uses.

2. *The proposed amendment would not be detrimental to the public interest, health, safety, convenience, or general welfare of the City.*

The proposed amendments are consistent with various policies in the Land Use Element of the General Plan. The proposed changes to the location requirements do not change to allowable zones for the retail cannabis use which are the CO,CL,CG,CD, and IG zoning districts. The amendments do not change the overall number of locations allowed in the City and they do not change any other distance separation requirements including the distance to sensitive uses and residential zoning districts. The amendments do not change the permitting process or any other operating requirements contained in the Municipal Code that will regulate a cannabis retailer that is successful in securing a Cannabis Permit. Therefore, the proposed amendments would not be detrimental to the public interest, health, safety, convenience, or general welfare of the City.

**ATTACHMENT B
ZONING CODE REGULATIONS FOR CANNABIS RETAILER
SECTION 17.50.066 D**

17.50.066 D. Retailer

1. Commercial cannabis permit required. A cannabis retailer must obtain and maintain at all times a valid commercial cannabis permit as required by Chapter 5.78.

2. Use permit required. A use permit is required to establish or operate as a cannabis retailer.

3. Limitation on the number of retailers.

- a. No more than six (6) retailers may operate within the City of Pasadena at any one time and no more than six (6) permits shall be issued by the City of Pasadena for retailers to operate within the City of Pasadena; and
- b. No more than one (1) retailer may operate within a city council district at any one time.

4. The maximum square footage of a retail use shall be 15,000 square feet.

5. Location requirements. Cannabis retailers shall be permitted in only the CO,CL,CG,CD, and IG zoning districts and shall be subject to the following requirements:

- a) No retailer shall be established or located within 1,000 feet, measured from the nearest property lines of each of the affected parcels, of any other cannabis retailer or cultivation site, or within 500 feet of any testing laboratory;
- b) No retailer shall be established or located within 600 feet, measured from the nearest property lines of each of the affected parcels, of any existing residential zone;
- c) No retailer shall be established or located within a mixed-use development project containing a residential use component;
- d) No retailer shall be established or located within 600 feet, measured from the nearest property lines of each of the affected parcels, of any childcare center, in-home (family day care home), youth-oriented facility, church or faith congregation, or substance abuse center;
- e) No retailer shall be established or located within 600 feet, measured from the nearest property lines of each of the affected parcels, of any park, library, or K-12 school;
- f) Retailers shall be required to comply with all zoning, land use, and development regulations applicable to the underlying zoning district in which they are permitted to establish and operate as set forth in the Pasadena Municipal Code.

6. Operating Requirements. In addition to those operating requirements specifically set forth in Section 5.78.170, the following operating requirements shall apply to all cannabis retailers in the City of Pasadena:

- a. **Hours of operation.** Retailers may be open for access to the public only between the hours of 7:00 a.m. and 10:00 p.m., Monday through Sunday.

- b. *For medicinal cannabis, the retailer shall verify the age and all necessary documentation of each customer to ensure the customer is not under the age of eighteen (18) years and that the potential customer has a valid physician's recommendation. For adult-use cannabis, the retailers shall verify the age of each customer to ensure the customer is not under the age of twenty-one (21) years.*
- c. *Entrances into the retailer shall be locked at all times with entry strictly controlled. A "buzz-in" electronic/mechanical entry system shall be utilized to limit access and entry to the retailer to separate it from the reception/lobby area.*
- d. *Notwithstanding the requirements of Section 15.78.160, uniformed licensed security personnel shall be employed to monitor site activity, control loitering and site access, and to serve as a visual deterrent to unlawful activities.*
- e. *Retailers may have only that quantity of cannabis and cannabis products reasonably anticipated to meet the daily demand readily available for sale on-site in the retail sales area of the retail facility.*
- f. *All restroom facilities shall remain locked and under the control of management.*

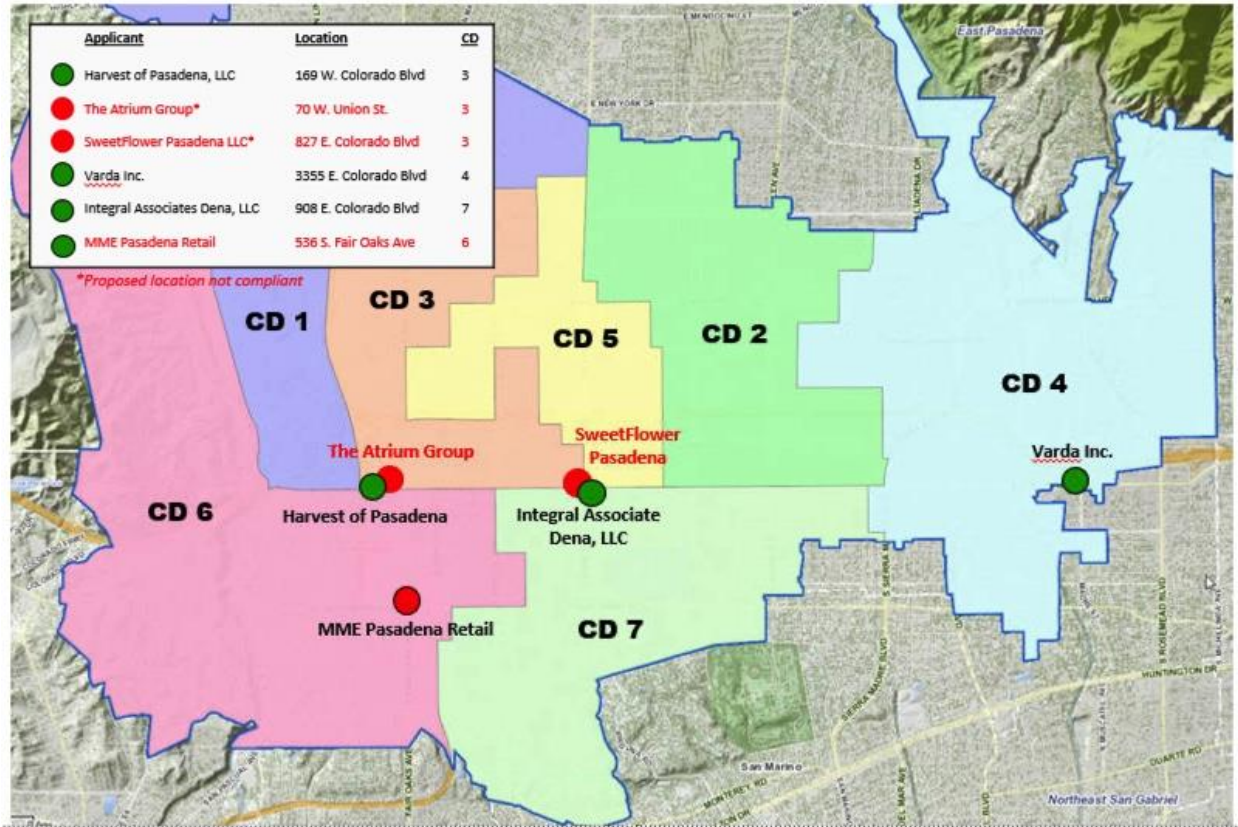
7. Delivery Services. *Permitted in association with retailer. Delivery of cannabis shall be permitted pursuant to this Section. A delivery service may operate only as part of and in conjunction with a retailer permitted pursuant to state law and pursuant to this Section. Delivery of cannabis from a retailer permitted pursuant to this Section can only be made in a city or county that does not expressly prohibit it by ordinance.*

8. Conditions of approval. *The planning commission may address development and operational standards through conditions on the use permit as it determines necessary or appropriate for the use permit under consideration; provided, that conditions shall not conflict with the provisions of Sections 5.78.170 and Section 17.50.066 (D)(5) relating to conditions placed on the commercial cannabis permit issued under Chapter 5.78*

9. Parking. *Off-street parking shall be provided as required for retail stores under Chapter 17.46*

10. Discontinuance. *If a cannabis retailer authorized by a use permit approved under this Section is discontinued for a continuous period of 12 months, the use permit expires for discontinuance of use and thereafter is void.*

ATTACHMENT C **LOCATION MAP OF EXISTING CUP APPLICATIONS SUBMITTED**



Green denotes locations with a CUP that have been issued.
 Red denotes CUP locations that cannot be processed at this time

ATTACHMENT D
SUMMARY OF DISTANCE SEPERATIONS IN THE ZONING CODE

Land Use Category	Zoning Code Section	Separation Requirement	Specific Land Uses Requiring Separation
Drive Through Businesses	17.50.090	500 feet	<ol style="list-style-type: none"> 1. Park and recreation facilities 2. Public or private schools 3. Fast food or formula fast food restaurant with drive throughs
The Following Alcohol Land Uses within the Alcohol Density Overlay District (AD-1 & AD-2): <ol style="list-style-type: none"> 1. Bars or taverns 2. Billiard parlors with alcohol service 3. Nightclubs with alcohol service 4. Uses which provide for the sale of alcohol for off-site consumption. 	17.28.030	AD-1 Overlay District: 250 feet	<ol style="list-style-type: none"> 1. Bars or taverns 2. Billiard parlors with alcohol service 3. Nightclubs with alcohol service 4. Uses which provide for the sale of alcohol for off-site consumption
		AD-2 Overlay District: 1,000 feet	
Massage Establishments	17.50.155	250 feet	Residential district
		500 feet	<ol style="list-style-type: none"> 1. Massage establishment 2. Personal services restricted use 3. Pawnshop 4. Sexually oriented business
Boarding Houses	17.50.065	500 feet	Boarding houses
Personal Services Restricted & Pawnshops	17.50.200	500 feet	<ol style="list-style-type: none"> 1. Personal services restricted use 2. Pawnshop 3. Massage establishment
Tobacco Retail Sales	17.50.330	1,000 feet	Sensitive land uses (e.g., game arcade, internet access studio, library, licensed child day-care facility [excluding a small or large family day-care use], park and recreation facility, public or private school, or theater, as any of those land use types may be defined in Article 8 (glossary))
Electronic Game Arcades & Internet Access Studios	17.50.100	500 feet	<ol style="list-style-type: none"> 1. Day-care facility 2. Park 3. Public or private school 4. Religious facility
		1,000 feet	Electronic game arcade and/or internet access studio
Donation Collection Facilities	17.50.085	500 feet	Recycling facility or another donation collection facility
Emergency Shelters, Limited Limited:	17.50.105	150 feet	Residential district
		300 feet	<ol style="list-style-type: none"> 1. Emergency shelter, limited 2. Emergency shelter
Large Family Day-Care Homes	17.50.080	300 feet	Within a residential district, from another large family day-care home or child day-care center
Recycling Facilities	17.50.220	100 feet	Public right of way
		200 feet	<ol style="list-style-type: none"> 1. Residential use 2. Child day-care center 3. Large & small family day-care homes 4. Park and recreation facility 5. Public or private school 6. Religious facility (excluding temporary uses)
Sexually Oriented Businesses	17.50.295	250 feet	<ol style="list-style-type: none"> 1. RS or RM district 2. Sexually oriented business
		500 feet	<ol style="list-style-type: none"> 1. Child day-care center 2. Park and recreation facility 3. Public or Private School 4. Religious facility (excluding temporary uses)

Attachment E



Agenda Report

November 25, 2019

TO: Honorable Mayor and City Council
FROM: City Manager
SUBJECT: PROPOSED ZONING CODE AMENDMENTS TO THE CITY'S CANNABIS REGULATIONS

RECOMMENDATION:

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1. Find that the actions proposed herein are exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3) (Common Sense Exemption); and 15301(Existing Facilities); there are no features that distinguish this action from others in the exempt class, and there are no unique circumstances; and,
2. Direct the City Attorney's Office to prepare an ordinance to amend the Zoning Code to adopt the proposed City cannabis regulations with the findings as contained in Attachment A.

BACKGROUND:

In November 2016, California voters approved Proposition 64 - The Control, Regulate and Tax Adult Use of Marijuana Act ("Prop. 64"). Prop. 64 permits adults 21 years of age and over to possess and grow specified amounts of marijuana for recreational use. Statewide, Prop. 64 was approved by 57% of voters; in Pasadena, the approval rate was even higher, at 63%.

Following the passage of Prop. 64, a number of illegal cannabis dispensaries began appearing in Pasadena. It is estimated that as many as 30 were operating illegally within the city. Following a concerted effort on the part of multiple City departments, including the City Attorney's/Prosecutor's Office, Police, Planning & Community Development – Code Enforcement Division, virtually all of the illegal operations have been shut down.

Recognizing that Pasadena residents have illustrated, through their support of Prop. 64 and their patronage of illegal cannabis shops, that they wish cannabis decriminalized and available locally, the City Council put forward to voters Measures CC and DD, on June 5, 2018. Measure CC allowed for a limited number of cannabis businesses to

operate within the City, and Measure DD applied a business license tax on commercial cannabis activity. Measure CC allows for three types of commercial cannabis uses: retail, cultivation and testing laboratories. The regulations permit up to six commercial cannabis retailers, four cultivators and four testing laboratories, citywide, based on location requirements that are specified in the Zoning Code.

Following approval by voters of Measures CC and DD, the City undertook a qualifications-based selection process for cannabis retailers. The top scoring six applicants were subsequently invited to apply for the required land use approvals, i.e., Conditional Use Permit (CUP) – Cannabis Retailer.

Although Measure CC envisioned permitting up to six retail cannabis locations, based on staff's preliminary analysis, it was understood that a high likelihood existed that only three or four retailers would find code-compliant locations. This is due to the distance separation requirements to protect sensitive uses established by the City Council (e.g., schools, churches, and residential neighborhoods), which are more restrictive than those established by the state, coupled with the additional restriction of not more than one retailer per Council district.

The following table compares Pasadena's more restrictive distance separation requirements with the corresponding state requirements:

Pasadena - Distance Separation Cannabis Retailers	State – Distance Separation
600 feet to k-12 schools	600 feet to k-12 schools
600 feet to youth center	600 feet to youth center
600 feet to day care centers	600 feet to day care centers
600 feet to large/small family daycare	-----
600 feet to churches	-----
600 feet to libraries	-----
600 feet to substance abuse centers	-----
600 feet to parks	-----
600 feet to residential zones	-----
1000 feet from another cannabis retailer	-----
1000 feet from a cannabis cultivator	-----
500 feet from a cannabis testing lab	-----
Not allowed within mixed use projects	-----
Cap of one per Council District	-----

In fact, there will be fewer than six locations under Pasadena's more restrictive distance separation requirements which are presently in effect. . Of the six top-ranked applicants, three have applied for the same Council District, District 3. Based on the current regulations, only the first applicant to submit a complete and code compliant application for a CUP – Cannabis Retailer is being processed for District 3, that of Harvest of Pasadena LLC. The applications from the other two top applicants in District 3, SweetFlower Pasadena LLC and The Atrium Group LLC, are being held in abeyance,

while that of the first applicant is being processed. If the Harvest CUP is approved, then SweetFlower and Atrium will not be processed further under present regulations.

The following chart is a summary of CUP applications made by the six top-ranked applicants:

	Applicant	Date of Submissions	Proposed Location	Council District	Current Status
1.	SweetFlower Pasadena, LLC	June 12, 2019 June 27, 2019 July 3, 2019 August 8, 2019	827 E Colorado Blvd	3	Complete (on third submission). Cannot be processed due to other complete applications submitted in Council District 3.
2.	Harvest of Pasadena, LLC	June 12, 2019	169 W Colorado Blvd	3	Complete. CUP was approved by the Planning Commission on 10/9/19. This approval is pending an appeal hearing at City Council on 12/16/19.
3.	The Atrium Group, LLC	June 12, 2019	70 W Union	3	Complete (on second submission). Cannot be processed due to other complete applications submitted in Council District 3.
4.	Varda (Tony Fong)	June 17, 2019	3355 E Colorado Blvd	4	Complete. CUP is currently under review and has not yet been scheduled for a public hearing.
5.	Integral Associates Dena, LLC	June 21, 2019 June 27, 2019	112 W Colorado Blvd 908 E Colorado Blvd	6 7	Complete (on second submission with new location). CUP was disapproved by the Planning Commission on 10/23/19. The disapproval is pending an appeal hearing at City Council on 12/16/19.
6.	MME Pasadena Retail, Inc.	September 18, 2019	536 S Fair Oaks Ave	6	Complete. CUP is currently under review and has not yet been scheduled for a public hearing.

Not surprisingly, this has led to a contentious situation where applicants vying for a location in District 3 are raising issues, including litigation naming the City, as to the “completeness” and appropriateness of applications submitted by their competitors. This will likely extend the time required to permit legal cannabis retailers, as each and every permit is appealed and challenged at every step in the process, and then potentially litigated.

Staff believes that the present situation was largely unforeseen given the uncertainties over the inventory of commercial real estate actually available for the use, is not in the best interest of the City, and is not in keeping with the intent of the voters who wished cannabis retailing in the City and reasonably expected there to be six cannabis retailers

in the City. As noted above, Pasadena residents have indicated twice now their support for retail cannabis operations through their approval of Prop. 64 and Measure CC.

Importantly, as a result of a successful petition drive, the operators of 18 previously illegal cannabis shops have qualified a measure for the March ballot, which if approved would enable them to operate in the City, but not bound to observe the local sensitive use distance protections approved by voters as part of Measure CC. Staff believes that completing the land-use permit process and establishing retail locations operating within the parameters of Measure CC will convince voters that it is not necessary or prudent to approve the measure which would see previously illegal operators re-open subject to few restrictions to protect the public.

Staff's Proposed Changes:

Measure CC provides an explicit mechanism for the City Council to fine tune the regulations, as it authorizes the City Council to make revisions to the regulations without having to return to the voters. The proposed Zoning Code Amendment is recommended as a fair and equitable way of addressing uncertainties that existed when the ordinance was adopted and to carry out the will of the voters.

All six top-scoring applicants worked diligently to identify and secure a site and submit a complete and code compliant application to the City that respected the required distance separation from sensitive uses. However, two of the six top-scoring applicants are not being processed because the proposed locations are not consistent with the limitation of one dispensary per Council District and the required 1,000-foot buffer between dispensaries. The Council District boundaries will likely change in a couple of years after the census and redistricting which tends to support a policy approach of some flexibility on this restriction.

The proposed action would result in a more equitable approach to the processing of these applications while ensuring the protection of sensitive uses without expanding the total number of permitted dispensaries beyond six. The proposed location changes are as follows:

1. To allow up to three cannabis retailers per council district instead of one; and
2. To decrease the required distance between cannabis retailers from 1,000 feet to 450 feet.

This code amendment will not change any other regulations for cannabis retailers as contained in Section 17.050.066 of the Zoning Code (Attachment B), including the limitation of six commercial cannabis retailers citywide, or the protections from sensitive uses such as schools and churches, or the required distance from residential districts. The proposed limitation of three per council district and the 450 foot distance separation will also ensure that all six retail establishments do not locate in the same immediate area (all located on the same block for example).

Based on the applications that have been received from the top-six, if the two amendments are adopted, there could be three code complaint locations in Council District 3, one at 169 W. Colorado Boulevard, another at 70 W. Union Street and a third at 827 E. Colorado Boulevard. There would also potentially be one location in Council District 4 at 3355 E. Colorado Boulevard, and another in Council District 6 at 536 S. Fair Oaks Avenue and one location in Council District 7 at 908 E. Colorado Boulevard (see Attachment C that shows a map of the locations). The closest distance between retailers based on these locations is between SweetFlower Pasadena, LLC (827 E. Colorado Boulevard) and Integral Associates Dena, LLC (908 E. Colorado) at a distance of approximately 475 feet. As the City goes through required redistricting after the 2020 census is complete, it is important to note that the per-district summary set forth above will almost certainly change – and established locations will be grandfathered in.

The Zoning Code contains a number of uses that have distance separations (Attachment D). These distance separations vary from 100- 1,000 feet depending on the use. Staff's proposed distance of 450 feet between retailers, while maintaining the distance requirement of 600 feet to all other sensitive uses, is consistent with the range of distances that are currently regulated by the Zoning Code. It should be noted that there are no other land uses in the city that have an overall maximum number, besides these cannabis use limitations of six retail, four testing lab and four cultivators. Additionally, the State does not place a cap on the overall number. For retailers, the State only requires a distance of 600-feet to a k-12 school, day care center and youth center. So the local restrictions will still be far more stringent than the state restrictions.

In addition to the two location changes, staff is proposing a "clean-up" of the language in the Zoning Code with regard to requiring a 600 foot separation between a cannabis retailer and cultivation uses and residential zones. The intent is clear from the materials presented to voters summarizing Measure CC, including but not limited to the City Attorney's Impartial Analysis¹, and the City Clerk's Ballot Measure CC webpage² that the distance is measured from the cannabis retail parcel or cultivation parcel to the residential zone. However, when the Conditional Use Permit for Integral Associates was heard by the Planning Commission on October 23, 2019, some members of the Commission and public disagreed on the intent of the language. As written they argued the intent could be to measure to a *parcel* within the residential zone rather than the zone boundary itself. As such, the proposed change will clarify the requirement to separate such uses from residential zones (not residential parcels).

Existing code language (17.50.066 D5 (b)):

No retailer shall be established or located within 600 feet, measured from the nearest property lines of each of the affected parcels, of any existing residential zone;

¹<https://www.cityofpasadena.net/city-clerk/wp-content/uploads/sites/21/Measure-CC-City-Attorneys-Impartial-Analysis.pdf>

²<https://www.cityofpasadena.net/city-clerk/elections-2018/ballot-measure-cc-commercial-cannabis-regulations/>

Proposed code language (17.50.066 D5 (b)):

*No retailer shall be established or located within 600 feet, measured from the nearest property lines of ~~each of the affected parcels~~ **the cannabis retail parcel** to any existing residential zone³;*

Additional Changes for Consideration:

While staff recommends two specific changes to the location requirements, there are a number of variations that could be made to the regulations that could potentially open additional locations within the City. As an alternative to a change to allow more than one per council district, changes can be made that reduce the distance of a cannabis retailer to sensitive uses. Staff did not recommend this approach as it is believed that maintaining distance separations from sensitive uses would be the City Council's highest priority.

Attachments E1-E5 are maps that show different variations in the code regulations and an estimate of the resulting number of potentially code compliant locations. These maps are illustrative only, and are not meant to provide any certainty as to code compliant locations.

One additional change that staff would recommend for the City Council to consider would be a limitation on the maximum number of locations per Business Improvement District (BID). There are three BIDs in the City, South Lake, Old Pasadena and Playhouse. A limitation of two maximum cannabis retailers per BID (in addition to the other changes recommended by staff) would address the concerns related to an over-concentration within certain commercial areas.

Planning Commission Recommendation:

The Planning Commission considered the staff recommended changes and voted to make no changes to the existing cannabis regulations. The Planning Commission did vote that the Council approve the language that clarifies the measurement to a residential zone.

Some members of the Planning Commission were not opposed to changing the regulations to allow six cannabis retailers to operate within the City; however there was no consensus on what the changes would be. Some of the suggestions made to staff by individual commissioners as ideas to put forth to the City Council include:

- Allowing one per commercial district instead of one per council district
- Possibly reducing the distance to churches to 500 feet
- Looking at some of the sensitive receptors and making adjustments

³ The same corresponding change would be made to Section 17.50.066.E(5)(a) regarding cultivation sites.

- Studying how to diversify the uses throughout the City so locations could open up beyond Colorado Boulevard (including to the north part of the city)

Some members of the Planning Commission expressed concerns over making any changes at this time and about making changes to regulations that are voter approved. In this regard, it is important to note voters authorized the City Council to make changes to these regulations in the manner in which other ordinances are amended.

Certainly, the City Council can elect to take no action. In that case staff would continue to process applications consistent with the current set of regulations. This would likely result in a total of three or four permitted retailers. Furthermore, as it stands currently, on December 16th the City Council is set to hear the appeal of the Harvest CUP – Cannabis Retailer that was previously approved by the Planning Commission as well as the appeal of the Integral CUP- Cannabis Retailer that was denied by the Planning Commission. The process would continue to be contentious and challenged at every step of the way.

In considering whether or not to make modifications to the existing regulations, the Council may also wish to consider the data in the following table. While each city that has permitted cannabis has approached its regulations in its own particular way, it is appropriate to consider how market demand will impact the regulatory scheme. For example, if market demand exceeds that which can be satisfied by the operation of legally permitted operators, an incentive will exist for illegal operators to enter the marketplace. As the City has experienced, closing down such operators can be costly and time consuming. As discussed above, without a change to the current regulations the City will likely end up permitting only three or four cannabis retailers. As indicated in the following table this would place Pasadena at either the second highest or highest ratio of population to licensed retailer of the survey cities.

City	Population	Retail Cannabis Permits	Ratio of licenses to population
Pasadena	141,371	6 4 3	23,562 35,342 47,123
West Hollywood	36,854	8	4,607
Long Beach	469,450	31	15,144
San Francisco	883,305	No limit on # of permits 37 retail permits issued to-date (estimate over 100 illegal currently operating)	No limit
Los Angeles	3,990,456	No limit on # of permits 188 retailer permits issued to-date (estimated 250 illegal currently operating)	No limit
San Diego	1,425,976	36 (additional cap of 4 per Council District)	39,610
Santa Cruz	65,021	12	5,418

ENVIRONMENTAL ANALYSIS:

It is important to note that, pursuant to well settled case law, no environmental review was required when the voters approved Measure CC. As a result, for environmental review purposes the baseline conditions are the existing location requirements in the Zoning Code for up to six retailers, and the changes that must be analyzed now are only the incremental location requirement changes discussed above. In other words, the baseline condition allows up to six dispensaries already and that cap is not proposed to change, so there is no requirement to analyze the impact of additional dispensaries. Further, there are no changes to the zones in which dispensaries could be located, thus there are no new areas of the city that will experience any environmental effect from the proposed uses other than those that were already approved by the voters.

Pursuant to recent case law as well, provisions of CEQA referencing discretionary "projects," including "the enactment and amendment of zoning ordinances," does not mean that amendment of a zoning ordinance is in every case a "project," as could trigger environmental review. Instead, the amendment of a zoning ordinance will not constitute a CEQA project unless it also may cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

Because the baseline condition provides for six retail locations, and the location requirement changes set forth herein are relatively minor in terms of potential for a significant environmental effect (but important changes nonetheless), the proposed action is exempt from the CEQA pursuant to State CEQA Guidelines Section 15061(b)(3), the common sense exemption that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Even if the changes proposed herein were considered a "project," the changes are exempt from CEQA pursuant to State CEQA Guidelines Section 15301 "Existing Facilities" (Class 1). Class 1 consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination. Given the built-out commercial and mixed use areas of the City where these uses may locate, and the fact that the changes proposed herein do not expand those areas, it is virtually certain that such uses will reoccupy existing structures. Beyond the controversy that may surround this particular use, for environmental analysis purposes it is simply a retail use, and there are no unique circumstances that would exempt these changes from a Class 1 exemption.

Finally, as set forth in the Governor's 2019 budget trailer bill, CEQA "does not apply to the adoption of an ordinance, rule, or regulation by a local jurisdiction that requires discretionary review and approval of permits, licenses, or other authorizations to engage in commercial cannabis activity." The budget trailer bill extended this exemption to July 1, 2022.

As each retailer may come forward for permits, any potential environmental effects from that particular application will be subject to environmental review during the permitting process.

COUNCIL POLICY CONSIDERATION:

The proposed recommendation furthers the goals and policies of the General Plan, specifically:

- *Land Use Element, Goal 2. Land Use Diversity. A mix of land uses meeting the diverse needs of Pasadena's residents and businesses, fostering improved housing conditions, offering a variety of employment and recreation opportunities, and supporting a healthy population while protecting the environment.*
- *Land Use Element, Goal 4. Elements Contributing to Urban Form. A safe, well-designed, accessible City with a diversity of uses and forms. These diverse forms include distinct, walkable districts, corridors, and transit and neighborhood villages and cohesive, unique single and multi-family residential neighborhoods and open spaces where people of all ages can live, work, shop, and recreate.*
- *Land Use Element, Goal 25. Vital Districts and Corridors. Diverse, active, prosperous and well-designed commercial corridors and districts that provide a diversity of goods, services and entertainment and contribute to a positive experience for residents and visitors.*

In addition, the following City Council Strategic Planning Goal would also be achieved:

- *Maintain fiscal responsibility and stability*

It is important to note that the standard for such policy considerations is consistency, as opposed to strict conformity.

FISCAL IMPACT:

The proposed changes to the ordinance may result in additional cannabis retailers than would otherwise be allowed under current regulations. This would likely result in additional tax revenues from Measure DD in the hundreds of thousands of dollars.

Respectfully submitted,




STEVE MERMELL
City Manager

Prepared by:



Jennifer Paige, AICP
Deputy Director of Planning
& Community Development

Reviewed by:



David M. Reyes
Director of Planning & Community
Development

Attachments: (5)

- Attachment A - Findings
- Attachment B - Zoning Code Regulations
- Attachment C - Map of CUP Locations
- Attachment D - Distance Separations for Other Uses
- Attachment E1-E5 - Maps of Sensitive Use Distance Variations

Amend the FY 2020 Operating Budget and authorize the appropriation of General Fund fund balance in the amount of \$5.0 million and transfer said funds to the General Liability Fund. (Budget Amendment No. 2020-19)

City Manager Mermell and Matt Hawkesworth, Director of Finance, provided a PowerPoint presentation on the item, and jointly, responded to questions.

Councilmember Madison requested a copy of the City's Budget in Brief memo for fiscal year 2020.

Councilmember Gordo requested an update on the hiring of an additional Park Safety Specialist, as well as the top down review of the Police Department that staff was undertaking to determine if additional positions could be achieved with existing resources.

Following discussion, it was moved by Councilmember Wilson, seconded by Vice Mayor Hampton, to approve the staff recommendation. (Motion unanimously carried) (Absent: Councilmember McAustin)

PUBLIC HEARING

PUBLIC HEARING: PROPOSED ZONING CODE AMENDMENTS TO THE CITY'S CANNABIS REGULATIONS

Recommendation: It is recommended that the City Council:

- (1) Find that the actions proposed in the agenda report are exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15061(b)(3), Common Sense Exemption; and 15301 (Existing Facilities); there are no features that distinguish this action from others in the exempt class, and there are no unique circumstances; and
- (2) Direct the City Attorney's Office to prepare an ordinance to amend the Zoning Code to adopt the proposed City cannabis regulations with the findings as contained in attachment A of the agenda report.

The City Clerk reported that the public hearing notice was published in the Pasadena Star News on November 15, 2019; and that 1 letter in favor of the staff recommendation, 41 letters in opposition to the staff recommendation, and 1 letter providing comment was received by the City Clerk's Office, which were distributed to the City Council, posted online, and made part of the public hearing record.

City Manager Mermell and David Reyes, Director of Planning, jointly presented a PowerPoint presentation on the item, and responded to questions. Michele Beal Bagneris, City Attorney/City

Prosecutor, responded to questions related to the language in Measure CC, pending litigation related to the City's cannabis ordinance, the City's cannabis permitting process, and pending public records request. Jennifer Paige, Deputy Director of Planning, responded to questions related to the proposed amendment to the Zoning Code regulations for cannabis retailers, and signage regulations.

Councilmember Kennedy expressed serious reservations with staff's proposed revisions to the Zoning Code that would allow up to 3 cannabis operators in any one Council District.

Councilmember Masuda stated his strong preference to maintain the current regulation of only one cannabis retail operator per Council District, as written in Measure CC.

Councilmember Wilson stated his concern that the proposed changes would result in an overconcentration of cannabis operators, noting the importance of the distance requirements between such uses within the City. He also expressed concerns with the possibility of a resurgent number of illegal cannabis operators returning to the City.

Councilmember Madison stated his opposition to a proposed cannabis retail store at the "gateway" to Old Pasadena; and spoke in support of City staff whose integrity was questioned by applicants and/or their representatives during this process.

Councilmember Gordo expressed concerns with the City's retail cannabis permitting process; the proposed recommendations that are being recommended to resolve pending litigation; and unforeseen impacts that may develop by amending the City's Zoning Code to allow additional cannabis operators. He stated that the only reason to amend the City's Zoning Code related to retail cannabis should be to meet the will of the voters, in a responsible manner. He spoke on the importance of the separation requirements, which he believes contributed greatly to the adoption of Measure CC; and asked staff to confirm that language in the Zoning Code clearly states that no retailer shall be established or located within 600 feet, measured from the nearest parcel/property lines of the closest affected residential parcel. Mr. Gordo stated that if staff is going to amend the Zoning Code, then staff must ensure that residents are provided with a clear map that displays current and future cannabis retailers that may be permitted.

In response to Councilmember Gordo concern that staff is proposing the staff recommendation due to litigation, Michele Beal Bagneris, City Attorney/City Prosecutor, respond that staff recommendation is a byproduct of litigation, and that legislative action is distinct from the litigation.

The following individuals spoke in opposition to the staff recommendation and/or provided comments on various aspects of the staff recommendation:

Megan Foker, Livable Pasadena
Armando Herman, residence not stated
Valerie Leiva, Pasadena resident
Tami McGovern, Pasadena resident
Jane Laudeman, Pasadena resident
Richard A. McDonald, Pasadena resident
Wayne from Encino, residence not stated
Kelley Fitzgerald Holmes, Pasadena resident
Rosemarie Goulden, Pasadena resident
Jessica Gutierrez, Pasadena resident
Erika Foy, representing Protect Pasadena Kids
Mike Greenspan, residence not stated
Jason Lyon, Pasadena resident

The following individuals spoke in favor of the staff recommendation and/or provided comments on various aspects of the staff recommendation:

Timothy Dodd, Sweet Flower
McGara Bautista, Sweet Flower
Pattyl Kasparian, Pasadena resident
Ashley Browder, with Margolin & Lawrence
Chris Berman, The Atrium Group

Councilmember Wilson spoke on the need for additional analysis, and stated his preference to wait until the approved retail cannabis operators begin operating in order to better evaluate the impacts of retail cannabis. He suggested that the City Council and staff could revisit this discussion in the future once the approved cannabis retail shops are operating.

The Mayor echoed Councilmember Wilson's suggestion to move forward without amendments, which would allow the City to demonstrate to the voters that the City is on the path to permitting legal cannabis operators; and stated his opposition to the staff recommendation.

Councilmember Gordo echoed Mr. Wilson's comments and stated that for the purpose of resolving litigation, if zoning code amendments are necessary, staff should provide an analysis and return to the City Council at a future meeting with proposed amendments.

Councilmember Masuda voiced support for tabling the item, to be revisited at a future meeting.

Councilmember Gordo left the dais at 10:23 p.m.

Councilmember Madison expressed concerns with the City cannabis regulations that only allow legal cannabis operators in three of the six Council Districts.

Councilmember Kennedy spoke in favor of resolving existing litigation, but not at the expense of the number of operators that would be concentrated in Council District 3. He requested that when the discussion on the item returns to the City Council, staff provide options to judiciously resolve the litigation.

Motion:

Following discussion, it was moved by Vice Mayor Hampton, seconded by Councilmember Masuda, to close the public hearing. (Motion unanimously carried) (Absent: Councilmembers Gordo, McAustin)

Councilmember Gordo returned to the dais at 10:27 p.m.

Vice Mayor Hampton spoke on the need to move forward with a path to allow six cannabis retailers in the City, and to avoid the possibility of an increase of illegal cannabis retailers in the City.

Motion:

Following further discussion, it was moved by Councilmember Wilson, seconded by Councilmember Masuda, to table the item. (Absent: Councilmember McAustin)

Following further discussion, on order of the Mayor and consensus of the City Council, staff was asked to revisit the discussion on the City's cannabis regulations once three cannabis retailers are operational so that staff can evaluate the impacts on the City and the cannabis market.

**PUBLIC COMMENT ON
REGULAR BUSINESS ITEMS**

The following individuals spoke on multiple regular business items:

Armando Herman, residence not stated
Wayne from Encino, residence not stated

**REPORTS AND COMMENTS
FROM COUNCIL
COMMITTEES**

APPROVAL OF THE KEY BUSINESS TERMS OF AN AFFORDABLE HOUSING LOAN AGREEMENT WITH THE SALVATION ARMY AND A BUDGET AMENDMENT FOR FUNDING IN AN AMOUNT NOT-TO-EXCEED \$1,000,000 FOR

Attachment F

APRIL 15, 2020



COMMUNITY BENEFITS AND ENGAGEMENT PLAN

CITY OF PASADENA – APPLICATION FOR CANNABIS PERMIT

PRESENTED BY: TONY FONG AND LEONARD WANG

VARDA, INC.

3341 EAST COLORADO BOULEVARD

PASADENA, CA 91107

TEL: (626) 215-5656

EMAIL: TONY@MAGENTALA.COM

1. General Information

Business Name: VARDA

Permit Address: 3341 East Colorado Boulevard, Pasadena, CA 91107

Community Benefits Manager:

Leonard Wang (“Leonard”), Co-Owner and General Manager of Varda, is responsible for implementing and maintaining the Community Benefits Plan. He will also be available to meet with the City Manager or his/her designee at any reasonable time. He is also the on-site owner who is available for emergencies 24 hours a day. His contact information is:

- Phone No: (323) 868-1688
- Email: Leonardw12@yahoo.com

Secondary Contact:

Tony Fong (“Tony”), CEO, Co-Owner and General Manager of Varda, is also available to meet with the City Manager or his/her designee at any reasonable time. He also can be reached for emergencies 24 hours per day. Mr. Fong’s contact information is:

- Phone No: (626) 215-5656
- Email: Tony@magentalala.com

2. Introduction

The mission of Varda is to operate a socially responsible cannabis business and be a good neighbor to the surrounding community. To achieve this mission, Varda’s owners, Tony and Leonard, have developed a comprehensive Community Benefits and Engagement Plan that supports and promotes the quality of life and the local economy in Pasadena.

The Plan is a multi-faceted approach to integrate Varda into the Pasadena community through a diversity led hiring plan, outreach to, financial contributions to and participation in non-profit organizations, groups, government agencies, and the community of Pasadena, and lastly supporting the local economy by buying supplies, goods and services from Pasadena businesses. Through this Community Benefits and Engagement Plan, Varda hopes to establish a long-lasting positive impact on the Pasadena community.

3. How the business will ensure that persons most harmed by cannabis criminalization and poverty, through a share in the ownership, management, employment, or other benefits will result in high quality, well-paying jobs and/or other benefits.

As minority business owners, Varda’s ownership team is committed to creating an organization that recognizes and values equality and diversity. Equality, diversity, and inclusion are core values of Varda and as such, they are integrated into every aspect of Varda’s hiring and retention plans.

To help implement its inclusionary vision, Varda has developed a Hiring Plan that favors local residents, persons living below the poverty line, and persons most adversely impacted by cannabis criminalization. The Hiring Plan includes applicant criteria which awards additional points to members of the disadvantaged groups and calls for utilization of appropriate channels to advertise available positions to members of such groups.

Varda's Compensation Package is generous and above industry standard. Certain elements of the package were specifically designed to promote and encourage Varda employees to advance and actively invest in their education and careers.

The employment that Varda will generate are not the low-paying jobs that have plagued the minority and disadvantaged communities over the last several decades. Varda will create career type positions that offer a living wage and opportunities for professional growth, career advancement and development of transferrable skills. Varda's Compensation Package includes competitive wages, health benefits, retirement contribution, tuition support, and paid volunteer leave, as described in more detail under Section D.

The ownership team of Varda has a proven track record of building strong, long-lasting relationships with local employees. Marcos Luna has worked at Tony's other retail store, Foothill Wellness Center ("FWC"), as a manager for 14 years while Ms. Nicole Durand, another manager, has worked at FWC for the last 11 years. The ownership team truly believe in investing in their staff as a means of grooming employees into effective managers, improving productivity, and reducing the inefficiencies associated with employee turnover rates. All Varda employees are eligible for promotions based solely on their work ethic and performance. Generally, employees may be promoted to manager as soon as two years from the date of hire.

In sum, Varda will deploy a hiring plan to identify, recruit and hire local Pasadena residents, persons living below the poverty line, and persons most harmed by cannabis criminalization. The hiring plan will be supported by a generous compensation package, education stipends, professional development and growth, and strong ethical employment practices protecting and promoting Varda's employees.

A. SIGNIFICANT SOCIAL EQUITY COMPONENT

Tony and Leonard are intimately familiar with the social equity movement in the City of Los Angeles. Tony supported the California Minority Alliance, which was instrumental in implementing the cannabis social equity program in Los Angeles. Tony's other cannabis retail stores support and purchase cannabis products from social equity suppliers, such as NUG, a social equity manufacturer in Oakland.

Varda will hire a human resources expert or in-house general counsel, or retain an employment attorney to provide:

- Advice on how best to take equality, diversity and inclusion into account in planning and procedures;
- Ensure that Varda promotes and sustains an inclusive and diverse environment through education, workshops, and outreach;
- Review current policies, practices and procedures through an equity and diversity lens, to identify potential gaps, areas for improvement and areas of strength;
- Review how the Management Team award, celebrate, and recognize equality, diversity and inclusion achievements;

- Creating resources and offering sensitivity training on needs of Varda employees;
- Organizing events to celebrate and promote diversity and inclusion.

B. WORKFORCE PLAN

Varda's Workforce Plan and the goals set out therein are the foundation of Varda's Hiring Plan. The Workforce Plan is a reflection of Varda's dedication and commitment to the values that the City of Pasadena seeks to promote. The plan is specifically designed to benefit the local community and, in particular, the disadvantaged members of the community.

Varda aims to staff up to 30% of its workforce with:

1. Residents living within a 3 miles radius of Varda's retail store, and/or
2. Residents living in Pasadena.

Varda also aims to staff up to another 30% of its workforce with:

1. Individuals (with/without families) living under the poverty line, and/or
2. Individuals disproportionately impacted by cannabis criminalization.

C. HIRING PLAN

1. Organization Allocation and Planning – The Management Team shall prioritize equality, diversity and hiring of those disproportionately impacted by cannabis criminalization when assessing organizational and staffing needs, goals and risks.

2. Hiring Toolkit – The Management Team will prepare a hiring toolkit to be used and followed for every applicant during the hiring process. The toolkit will provide guidelines and instructions on how to evaluate applications, set forth a list of suggested interview questions, express Varda's commitment to equal access to opportunities for all qualified candidates, and outline key steps for making the decision-making process open and transparent.

3. Job Postings – All proposed job postings will be reviewed by the Management Team from an equality, diversity, and community benefits lens and will highlight Varda's commitment to a team that reflects the diverse community of Pasadena. Varda shall use the following procedures in posting employment positions:

- Post all job postings publicly for a minimum of 30-days.
- Post only the qualifications and skills necessary for the job.
- Use inclusive, unbiased, ungendered language.
- Advertise widely. The ownership team has existing relationships with the following organizations to communicate open positions: U.S. Department of Veteran Affairs in West Los Angeles and Women for Hire. In addition, Varda will communicate open positions to Vietnam Veterans of America located in Pasadena.
- Varda will communicate open positions to Pasadena non-profits including Flintridge Center, Union Center Homeless Services, Door of Hope, and other

organizations serving individuals and families that need assistance or have been disproportionately harmed by cannabis criminalization.

- Varda will give greater weight to applicants who have contributed to their communities through volunteer work.
- Varda will advertise with minority professional organizations and networking groups within the cannabis industry, such as Women Grow, Cultivating Cannabis Leaders and the Minority Cannabis Business Association.
- Varda will participate in job fairs in low-income communities with a disproportionately high number of cannabis-related arrests, including Minority Business Opportunity Day Conference, Crenshaw Community Career Fair, and the Magic Johnson Job Fair.

4. Hiring Criteria

To be eligible for a position at Varda, candidates must be:

- Motivated to learn about cannabis,
- Punctual,
- Friendly,
- Have good work ethic, and
- Provide the highest level of customer service.

Varda also considers the following qualifications for Wellness Advisors:

- High School Diploma or equivalent (not required)
- Accurate cash handling
- Ability to adapt quickly to a new POS system
- Natural Team Player
- Proven record of excellent customer service
- Excellent communication skills
- Ability to take instruction
- Social media savviness
- Cannabis knowledge (preferred)
- Ability to stand for long periods of time

Extra points are awarded to applicants (the “Priority Applicants”) that are:

- Pasadena residents,
- Low-income applicants,
- Applicants with cannabis related criminal convictions, and
- Veterans

Please see below for extra points criteria for Priority Applicants.

5. Hiring Points System

Using the Hiring Criteria above, applications for employment will be based on a 110 points system with the Management Team scoring applications. Those with the highest points will be selected for interviews. Interviews are conducted to ensure the accuracy of the application and the applicant’s character and fit with Varda’s missions and goals.

Only Priority Applicants may score up to 110 points. All other applicants can only score up to 100 points. Therefore, Priority Applicants are awarded up to an additional 10 points vs regular applicants.

D. COMPENSATION PACKAGE: WAGES AND BENEFITS

<u>Compensation</u>	<u>Description</u>
Wages	Varda will pay all entry-level employees 25% above the state's minimum wage. All management positions will earn, at minimum, double the state's minimum wage.
Holiday Premium Pay	Employees who are required to work on holidays will be paid their regular hourly rate plus a holiday premium pay equal to one and a half times their regular hourly rates.
<u>Benefits</u>	<u>Description</u>
Health Insurance	Varda will offer PPO health insurance to all employees working more than 30 hours per week after 30 days of employment.
Retirement Contribution	All employees will have the option to enroll in a 401k retirement savings plan after 90 days of employment. The company will match up to 3% of the employees' contributions to their 401k account.
Tuition Support	Varda will offer tuition support in the form of tuition reimbursement upon successful completion of up to 12 units per semester for: (1) full-time employees who have worked for Varda for one year, and (2) who attend Pasadena Community College.
Paid Vacation Leave	72 hours of vacation per year. Employees have the option to redeem their vacation days as wage every February following the year in which vacation time accrued.
Paid Sick Leave	Eligible employees are granted 64 hours of sick leave per calendar year. Employees may use sick leave for medical, dental and/or vision appointments and/or procedures. Employees may also use sick leave to attend to a child, grandchild, parent, grandparent, sibling, spouse, domestic partner or domestic partner's child, or any individual related by blood or affinity whose close association with the employee is the equivalent of a family relationship, who is ill. Such sick leave also can be used by employees who are victims of domestic violence, sexual assault, or stalking.

Pregnancy-related Disability Leave	Any employee who is disabled on account of pregnancy, childbirth, or related conditions may take an unpaid pregnancy-related disability leave of up to four months. Employees taking pregnancy-related disability leave are entitled to continuing coverage under Varda's group medical plan for the duration of the leave.
Volunteer Leave	Varda will provide paid leave to employees of up to 5 hours monthly for volunteer work. Employees are encouraged to do volunteer work in the local community, such as at the Jackie Robinson Community Center and the Boys and Girls Club.
Parental Leave	Employees may take a maximum of twelve (12) weeks of unpaid parental leave within one year of the child's birth, adoption, or foster case placement.
Victims of Crime Leave	An employee who is a victim or the family member of a victim of a violent felony or serious felony is entitled to take unpaid time off from work.

E. ECONOMIC INCLUSION (PRODUCTION)

Many cities across California have enacted ordinances that require local cannabis businesses to incorporate social equity programs into their business plans and operations. Varda will seek to participate, in a mentorship capacity, if available, in the Social Equity Program Outreach offered in other California cities.

Varda will make a good faith effort to source 5 percent (5%) of its inventory from businesses that received social equity licenses in California. Varda will also seek to partner with businesses that receive social equity licenses to develop exclusive products for Varda.

F. NON-DISCRIMINATION

Varda, in accordance with applicable Federal and California law and company policy, does not discriminate in any aspect of its operations on the basis of race, color, citizenship status, national origin (including language use restrictions and possession of a driver's license issued under Vehicle Code section 12801.9), ancestry, sex (including pregnancy, childbirth, breastfeeding, or related medical condition), gender (including gender identity and gender expression), sexual orientation, age, religion (all aspects of religious beliefs, observances or practice, including religious dress or grooming practices), creed, physical or mental disability, physical handicap, medical condition, including genetic characteristics, genetic information, marital status, military or veteran status, status as a victim of domestic violence, sexual assault or stalking, updating of personal information based on a lawful change of name, social security number, or federal employment authorization document, employee's receipt of public assistance, such as Medi-Cal, or any other consideration made unlawful by federal, state or local laws.

Company policy will also prohibit unlawful discrimination based on the perception that anyone has any of those characteristics or is associated with a person who has or is perceived as having any of those characteristics. The policies will specify that discrimination can also include

failing to reasonably accommodate religious practices or qualified individuals with disabilities where the accommodation does not pose an undue hardship.

Varda will also strictly enforce its anti-harassment policy. This nondiscrimination, anti-harassment and anti-retaliation policy will apply in all aspects of the operation of the company and treatment of its employees, including the application process, hiring, and termination of employees.

Varda will distribute comprehensive non-discrimination, anti-harassment and anti-retaliation policies to all its employees and will also include these policies in its employee handbook. Varda will also provide annual employee training on these topics. Any incidents or complaints alleging harassment, discrimination or retaliation will be thoroughly investigated.

G. UNITED FOOD AND COMMERCIAL WORKERS UNION (UFCW)

Varda's ownership team employs best practices in implementing strong ethical labor standards and a diverse workforce. The team's other cannabis retail stores have strong relationships with UFCW, partnering with the union to promote and enforce labor union values, including signing a labor peace agreement. Varda will continue to support these values and will sign a Labor Peace Agreement with UFCW.

4. How the business includes work with local non-profits and other community groups such as youth development and educational programs. Pasadena non-profits (or those that serve Pasadena) are preferred.

A significant part of Varda's mission is to be a good neighbor to the surrounding community. In pursuit of that mission, Varda's ownership and staff will strive to integrate Varda into the Pasadena community through volunteer work, monetary donations, sponsorships of programs, and partnerships with organizations. To further its mission, Varda will commit 5% of its annual net profits for financial assistance to local non-profits, community groups, city initiatives, city needs, and community programs with a focus on educating children and those who have been disproportionately impacted in society. Varda will voluntarily submit to any audits of this commitment if the City of Pasadena wishes to do so. Varda understands that community engagement works best as an ongoing cumulative process and has already formed the Community Outreach Committee spearheaded by Leonard Wang with the assistance of Jayan Hong, Chief Executive Officer of the ownership team's private foundation, New Discovery Foundation.

Varda wishes to make its philanthropic mark in the community of Pasadena; and also desires to prove that cannabis businesses are indeed safe for the community and are valued contributors to the community.

A. PASADENA NON-PROFIT ORGANIZATIONS

Pasadena is home to one of the largest concentrations of non-profit organizations in the United States. As such, Pasadena, its community and residents are known for their giving, their kindness, and their willingness to help those in need. Varda wishes to continue and uphold this

rich history and tradition by living up to Pasadena's higher standards of giving back to the community.

Varda has already reached out to several non-profit organizations, and will continue to reach out to and engage with more organizations that share Varda's core values of respecting diversity, education, support for those in need, and assistance to those that have been disproportionately impacted by cannabis criminalization. Through its 5% of net-profits commitment, Varda will provide financial grants, donations of supplies, or in-kind support, such as event space and participation in fundraisers, to local non-profit organizations, community groups, and even city agencies. In addition to monetary commitments, the ownership team and Community Outreach Committee desire to be involved in and directly participate in charitable activities and events.

Varda made substantial efforts to reach out to and engage numerous Pasadena non-profit organizations during the cannabis application process. However, due to the persistent stigma of cannabis in today's society, Varda realizes that non-profit organizations and community groups are hesitant to work with and/or accept assistance from cannabis businesses. Nevertheless, Varda will continue to reach out to the community and local nonprofit organizations to offer assistance in any form.

To demonstrate the seriousness of their commitment to supporting the Pasadena non-profit community, the ownership team of Tony and Leonard have already made a combined total of \$26,500 in monetary donations, of which \$20,000 went to the ownership team's private foundation – New Discovery Foundation, and \$6,500 was distributed to the following non-profit organizations:

- *Villa Esperanza Services*, a Pasadena non-profit organization dedicated to the care and education of children, adults and seniors with developmental, intellectual and other disabilities.
- *AbilityFirst*, a Pasadena non-profit organization supporting people with disabilities and their families.
- *The Boys and Girls Club of Pasadena*, a Pasadena non-profit organization enabling children and youth in the community, especially those most in need, to reach their full potential as productive, caring, healthy, and responsible citizens.
- *Pasadena Educational Foundation*, a non-profit organization committed to building community partnerships to support Pasadena public schools.
- *Flintridge Center*, a Pasadena non-profit organization committed to breaking the cycle of poverty and violence through community planning, innovation and action by providing support for individuals of high-risk, high-need circumstances.
- *Huntington Memorial Hospital*, a non-profit, community-focused regional medical center based in Pasadena.
- *Cancer Support Community*, a Pasadena non-profit organization supporting people impacted by cancer.
- *Pasadena Community Foundation*, a public charity created by and for the people of Pasadena focusing on arts and culture, education, environment, health, human services (for seniors), and youth.
- *Door of Hope*, a Pasadena non-profit organization which equips families and children experiencing homelessness to rebuild their lives.

- *Union Station Homeless Services*, a Pasadena non-profit organization helping individuals and families rebuild their lives and end homelessness.
- *Friends In Deed*, a Pasadena non-profit organization that provides supportive services to meet basic human needs, so homeless and at-risk neighbors can rebuild their lives.
- *Pasadena Humane Society and SPCA*, a non-profit organization that provides animal care and services for homeless and owned animals in the Los Angeles area.

All the above organizations are doing tremendous work to build a better community and help those in need. Tony and Leonard, through their foundation, New Discovery Foundation, will continue to make monetary donations to the above organizations. In addition, Tony and Leonard aim to create an endowment fund for Pasadena Community Foundation to support their comprehensive local grant making programs.

B. NEW DISCOVERY FOUNDATION

Because of the stigma of cannabis and the hesitancy of non-profit organizations being associated with cannabis businesses, the ownership team formed its own private non-profit foundation, New Discovery Foundation (“NDF”), based in Pasadena, with the purpose of serving as a buffer between Varda and non-profit organizations, allowing NDF to provide grants to organizations that support or assist in the education of children and those that have been disproportionately impacted in the Pasadena community. NDF is an IRS recognized 501(c)(3) tax exempt non-profit private foundation and is properly registered with the California Registry of Charitable Trusts.



1. Funding of NDF – NDF is funded solely by the ownership team and Varda. Tony and Leonard contributed a combined \$20,000 in initial funding for NDF. Varda promises a minimum of \$10,000 in annual funding of NDF during the existence and life of Varda in Pasadena, with the potential for greater donations based on Varda’s commitment to give 5% of its net profits back to the community. Per federal law, all funding given to NDF by Varda must be used for charitable purposes and cannot be refunded or redirected back to Varda or its ownership team.

2. NDF’s Use of Funding – Jayan Hong, Chief Executive Officer of NDF, will have autonomy and discretion, with input from the Board of Directors, in the use and allocation of NDF’s funds for grants and charitable purposes. Mr. Hong envisions NDF providing grants to non-profit organizations, community groups, and/or programs providing assistance and support for the education of children in Pasadena and those disproportionately impacted in the community of Pasadena, including the Pasadena organizations Tony and Leonard have already donated to as indicated above.

3. First Use of NDF’s Funds – As described more in detail below, on October 26, 2019, NDF made its first donation to the Gooden Center in the form of a \$1,000 sponsorship of their annual 5k running event, the Gooden Center Run for Recovery. It was an honor not only to sponsor this event but also to participate in the run. NDF intends to sponsor this event annually.

4. Current Board of Directors of NDF

Tony Fong

Leonard Wang

Alwin La Pietra – Alwin La Pietra serves on the Board of Directors for NDF. Mr. La Pietra brings valuable experience in business and non-profit work to the Foundation. He also serves as the

CEO of La Pietra Foundation (“LPF”), a non-profit organization providing grants to organizations supporting foster children and animal welfare, and scholarships to foster children. LPF works with and supports several non-profit organizations including Raise a Child in Hollywood, the San Diego Housing Federation, Foster Forward in Rhode Island, Blessed Sacraments School Jesuit Preparatory School in Hollywood, and Sante D’Or Foundation in Los Feliz. Mr. La Pietra’s passion for supporting foster children stems from his upbringing. He himself was a foster child and was adopted by his father, who was a foster child as well. He grew up in the San Fernando Valley, then briefly lived in Pasadena while attending California Institute of Technology. Mr. La Pietra left CalTech early to pursue his careers in computer programming, finance and real estate. He currently manages and operates LPF while also managing financial investments and real estate holdings.

5. Jayan Hong, Community Relations Director and CEO of NDF – Jayan Hong, Varda’s Community Relations Director, serves as the CEO of NDF. Mr. Hong is a Los Angeles area attorney specializing in criminal defense and juvenile law. He began his legal career pursuing his passion of helping those in need by working for the Public Defender’s Office representing indigent individuals and children charged with crimes. After gaining valuable experience in the public sector, Mr. Hong started his own law practice in Los Angeles. Mr. Hong previously served as a member of the Advisory Board of Korean American Coalition; and has been an active member of the community. Mr. Hong is excited and eager to work with large non-profit community in Pasadena and help Pasadena’s children and those disproportionately impacted through NDF.

C. SUBSTANCE ABUSE AWARENESS AND SUPPORT

Varda is also committed to substance abuse awareness and pledges to support and work closely with local substance abuse related non-profits organizations and rehabilitation centers to ensure that information on where to seek help for substance abuse is posted inside Varda. In fact, New Discovery Foundation donated \$1,000 to the Gooden Center to become a proud sponsor of the Gooden Center Run for Recovery held on October 26, 2019. The Community Outreach Committee of Leonard Wang and Jayan Hong even participated in and completed the 5k run, while Tony Fong cheered them on! The Gooden Center is a Pasadena-based non-profit organization providing addiction treatment and mental health services to the community.



Leonard Wang and Tony Fong



Jayan Hong and Leonard Wang

D. LA PIETRA FOUNDATION

The La Pietra Foundation is a private non-profit foundation based in Los Angeles, CA, fully funded by the La Pietra family, with charitable funds exceeding \$3 million. The Foundation provides grants to organizations that provide assistance to foster children and services to animal welfare; and also provides scholarships to foster children with a focus on children that are gay or lesbian.

Leonard has been a staunch supporter of initiatives and entities that focus on furthering the education of children, especially those in need and those with special needs. For the past two and a half years, Leonard has volunteered at the La Pietra Foundation helping review and process grant and scholarship applications. Leonard will use his non-profit experience and his personal inspiration to instill a culture at Varda of giving back to the Pasadena community through volunteer work.

E. PAID VOLUNTEER LEAVE

Varda's Compensation Package includes paid volunteer leave, optional for all employees, for up to 5 hours of volunteer work per month. This volunteer leave was established to encourage our employees to venture out into the community to lend a hand to organizations and people in need. Varda will seek to partner with local non-profit organizations to recommend to employees who wish to volunteer their time and efforts to help others.

F. TOYS FOR TOTS

The Marine Corp Toys for Tots Program collects unwrapped toys and distributes these toys to less fortunate children at Christmas. For the past five years, Tony has annually donated toys to The Marine Corp Toys for Tots Program in Pasadena. Varda will continue Tony's tradition and donate toys annually to this program.

G. PASADENA CHAMBER OF COMMERCE

Varda will join the Pasadena Chamber of Commerce. Tony and Leonard wish to participate in community events and members events through the Chamber of Commerce. In addition, NDF will also join the Pasadena Chamber of Commerce as a non-profit organization.

H. OTHER COMMUNITY INVOLVEMENT

In addition to providing grants to NDF, Varda will also:

- Provide grants to other Pasadena-based non-profit organizations that support the education of children and those disproportionately impacted;
- Participate in and support local neighborhood watch programs;
- Support Pasadena Police Department's Police Activities League;
- Donate to Salvation Army – Pasadena;
- Donate toys to the Spark of Love Toy Drive hosted by the Pasadena Fire Department; and
- Donate toys to the Holiday Toy Drive of Professional Child Development Associates.

5. How the business includes partnerships with existing Pasadena businesses (e.g. procurement of goods and services from local businesses).

Varda is committed to working with local Pasadena businesses for the procurement of goods and services. Varda's co-owner, Tony, already owns two established businesses in Pasadena, *Magenta Business Solutions* and *Green Elixir*. Both businesses provide retail management and marketing services to businesses throughout Southern California. Varda intends to retain *Magenta Business Solutions* and other Pasadena based businesses to assist Varda in employee training, marketing, website development, branding, graphics, photography, data analysis, and general retail consulting.

Tony has developed relationships with and bought products/supplies from several local Pasadena businesses for his own businesses. Tony and Leonard will continue to work with and/or buy supplies from the following Pasadena businesses to meet Varda's needs:

- *ARC Document Solutions* for printing needs of flyers, brochures, and business cards;
- *Good Lock & Key* for the installation and maintenance of locks;
- *Foothill Lock & Key* for the purchase its drop safe and high security locks;
- *Target* for office and cleaning supplies;
- *Office Depot* for office supplies;
- *Cost Plus World Market* for in-store decorations.

Varda also anticipates a need for ongoing additional services, such as insurance, cleaning, and food catering. Varda will seek to build business relationships with Pasadena-based businesses for the provision of such additional products and services.

A. PASADENA CANNABIS CULTIVATORS

Varda is committed to sourcing at minimum five percent (5%) of its cannabis products from licensed Pasadena cannabis cultivators. Varda will work with the local cultivators to showcase their products in Varda's retail store. Working with local cultivators allows Varda to build relationships with suppliers and customize products based on customer demand. As the need arises, Varda will seek to partner with Pasadena-based cannabis cultivators to develop products that are exclusive to Varda. The process of developing proprietary cannabis products is complex, time-consuming, labor-intensive and requires the engagement of a team of professionals, and Varda intends to retain local experts to complete such projects.

B. PASADENA LAB TESTING

Tony is a State defined owner of two licensed cannabis cultivations and two licensed cannabis manufacturing facilities in the City of Los Angeles. Tony will commit to using licensed, Pasadena-based cannabis testing labs to test five percent (5%) of the cannabis products cultivated and/or manufactured in Tony's other operations.

6. Conclusion

Over the years, as established business owners, Tony and Leonard have demonstrated an unwavering commitment to causes that advance and help improve the lives of members of the traditionally disadvantaged and underprivileged groups. Concurrently and in lockstep with their growing business success, Tony and Leonard have exponentially expanded their involvement in, and, indeed, championed, a number of programs and measures that both directly and indirectly promote the employment and education of members of the local underprivileged communities. The history of Tony's and Leonard's sustained financial and other support to local non-profits is a testament to their personal commitment to community activism.

As they embarked on the journey to launch Varda, Tony and Leonard cemented their commitment to Pasadena. Tony's and Leonard's vision for Varda is not simply that of revenue generation. Tony and Leonard plan to use Varda and the resources generated through its operations to improve the lives of the underprivileged in Pasadena. The plans that Tony and Leonard have set in motion for Varda and the commitments they have already made will translate into concrete and substantial benefits for the disadvantaged Pasadenans. Tony's and Leonard's plans will generate, directly and indirectly, gainful employment, lead to increased educational opportunities and professional growth, and secure a sustained source of funding to a number of Pasadena-based non-profit organizations whose goal is to improve the lives of the disadvantaged Pasadenans.



SECTION 4

PASADENA COMMUNITY BENEFITS PLAN

Applicant: Integral Associates Dena, LLC dba Essence
Address: 908 E Colorado Blvd
Pasadena, CA 91106

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I. INTRODUCTION

At Essence, corporate social responsibility and community engagement are integral to its mission as a cannabis business. Essence is committed to furthering the Pasadena City Council's goal of supporting and promoting the quality of life and local economy through its Community Benefits Plan. Essence shall continuously engage the Pasadena community to gain a better understanding of the people it serves, as well as its neighbors' values, unique aspects, and how best Essence can integrate into the community.

Essence's Community Benefits Plan includes:

- A Diversity Plan that ensures a diverse, inclusive workplace that is bias-free.
- A Community Reinvestment Plan that builds an infrastructure to ensure ongoing understanding and support of the community, local organizations, and non-profits through active participation, financial contributions and volunteer efforts.

II. DIVERSITY PLAN

Essence's commitment to diversity is a core value and its Diversity Plan supports building an inclusive, thriving business that:

- Provides an inclusive workplace culture for employees with opportunities for growth;
- Promotes inclusion across all levels of decision-making, policies and practices;
- Identifies local vendors that promote diversity and that support a diverse culture;
- Respects and promotes differences among individuals and groups;
- Takes responsibility for learning about and being empathetic to the experiences and perspectives of each member of our inclusive company; and
- Builds and sustains equitable systems, best practices, actions and attitudes.

Essence has developed diverse practices throughout the organization, including bias-free recruiting, which is critical to ensuring a unilateral workplace, as it sets the tone for employment and best practices throughout the organization.

A. Affirmative Action

Essence recognizes its Affirmative Action Plan (AAP) cannot and should not be the exclusive work of its executive team. Institutionalizing diversity requires the voice of the communities in which it operates, and therefore, this plan is the product of extensive conversations and recommendations from Essence's local partners, in combination with Essence's robust experience in hiring and retaining employees in markets across the country. Together with its local partners, Essence will:

- Maintain vertically integrated diversity (across the executive team, management and staff).
- Contract local partners reflective of the diversity of the local communities.

- Develop and maintain a company climate and culture that embraces diversity as a core value.
- Establish a culture of accountability around diversity initiatives, practices and policies.

1. Affirmative Action Plan (“AAP”)

Essence’s AAP is modeled after the federal EEOC requirements for an AAP found in 41 CFR Section 60-1.4. EEOC requirements were designed to ensure that companies set and achieve their diversity goals and operate a non-discriminatory workplace.

2. Designation of Responsibility

Under the guidance of Essence’s People Team, General Managers and Store Managers shall have the authority, resources, and support of executive management to ensure effective implementation of the AAP. General Managers and Store Managers’ responsibilities include:

- Program Development
 - Works with executive management to assess Essence's efforts in diversity and cross-cultural inclusion programs and identify programs to remove barriers to retention and advancement.
 - Collaborates with the People Team on initiatives and programs.
- Implementation
 - Makes accommodations to enable individuals with disabilities to perform essential job functions.
 - Implements Essence’s employee training program and ensures all personnel understands and follows Essence’s AAP.
- Performance Tracking + Reporting
 - In coordination with the People Team, tracks diversity metrics and prepares reports for senior management.
 - Keeps the People Team informed of progress and reports problem areas through quarterly reports.
- Productive + Constructive Conflict Resolution
 - Develop coaching strategies, implement dialogue addressing specific concerns, and oversee resolution of conflicts/disputes relating to diversity and/or cross-cultural initiatives and activities.
 - Assists in identifying and resolving problem areas.

All managerial and supervisory staff are responsible for helping implement Essence’s AAP by:

- Assisting with identification of problem areas, formulating solutions, and establishing departmental goals.

- Reviewing the qualification of all applicants to ensure qualified individuals are treated in a nondiscriminatory manner.
- Reviewing the job performance of each employee to assess whether personnel actions are justified based on the employee's performance.

3. Audit and Reporting System

The People Team shall implement the following auditing system to measures the effectiveness of its Diversity Plan, including:

- Monitor records of personnel activity.
- Report outcomes of personnel activity.
- Review report results with all levels of management.
- Advise management of program effectiveness and submit correction recommendations.
- Implement and improve unsatisfactory performance, utilizing a third-party consultant when necessary.

a. Reviewing Personnel Activities

The following personnel activities will be reviewed to ensure nondiscrimination and equal employment opportunities for all individuals without regard to their race, color, sex, sexual orientation, gender identity, religion or national origin:

- Recruitment, advertising and job application procedures.
- Hiring, promotion, layoff.
- Pay and other forms of compensation including fringe benefits.
- Job assignments, job classifications, job descriptions.
- Sick leave, leaves of absence, or any other leave.
- Training, attendance at professional meetings and conferences.
- Any other term, condition or privilege of employment.

b. Workforce Utilization Report

Essence's will track diversity to ensure a diverse workforce. A workforce utilization report will include the following information for each job category:

- The total number of persons employed in each job category.
- The total number of men employed in each job category.
- The total number of women employed in each job category.
- The total number of non-binary individuals in each job category.
- The total number of Veterans in each job category, if reported by the employee.
- The total number of service-disabled Veterans in each job category, if reported by the employee.
- The total number of persons with a disability employed in each job category, if reported by employee.

- The total number of members of each racial minority employed in each job category, if reported by employee.

c. Routine Analysis

Essence will routinely analyze its processes to determine impediments to equal employment opportunities (EEOs). Essence will evaluate:

- Utilization and Distribution: Analyze distribution of minority, disabled, Veteran or female utilization across job groups.
- Selection Disparities in Hiring and Promotion: Monitor recruiting, onboarding, training, promotion and departure activity to identify and fix disparities.
- Compensation Disparities: Annual compensation analysis to determine if there are diversity disparities.

B. <u>Recruiting + Retention</u>

Essence will set its internal diversity goals across job groups correlating with each community's diverse population. Essence will strive to hire local, before going outside the community to meet diversity goals. These goals will be based on qualified applicant availability. Internal diversity goals include:

- Recruiting: Contract with outside staffing agencies and utilize its community partners to ensure all employment opportunities are reaching diverse candidates.
- Hiring: Staff that mirrors the demographic composition of the region will be hired. Update hiring goals and metrics annually to continuously meet the diverse composition of the region.
- Wages: Minimum hourly wage will be \$13-15/hour, depending on experience.
- Benefits: Medical benefits available to all full-time employees.
- Retention: Robust employee engagement platform including Professional Development Plans, twice-yearly reviews, long-term employment plans, round table discussions and team-building events to retain and grow its workforce.

1. Bias-Free Environment Through Recruiting

a. Continuous Evaluation of Recruiting Process:

- Review applications and pre-employment forms to ensure information requested is job-related.
- Evaluate selection methods that may have a disparate impact to ensure that they are job-related.
- Train personnel and management on proper interview techniques.
- EEO training for management.

b. Techniques to Ensure Proper Flow of Diverse Applicants:

- Include the phrase “Equal Opportunity/Affirmative Action Employer” in all employment advertisements.
- Advertise opportunities to local minority, disabled, Veteran’s, and women’s interest groups,
- Disseminate information on opportunities to organizations representing diverse groups.
- Develop an employee referral program.

2. Community Partnerships

Essence seeks to operate a business that is reflective of the communities in which it operates. By making sustained outreach efforts, Essence will work with local community organizations and agencies to in which it operates to foster diversity and develop mentoring, training and professional development programs to create a diverse workforce. Essence and its partners will:

- Accurately and actively engage each community in which Essence operates on how education, community outreach, recruitment and training, retention and promotion, and empowerment create a Diverse and Inclusive work environment.
- Develop community opportunity, mentoring, training and professional development programs to maximize successful employment of persons with disabilities, African Americans, Latinos, and other minority groups at Essence.
- Identify underemployed members of the community who are qualified to work for Essence.
- Sponsor events for women to advance their professional careers and learn about jobs at Essence.
- Conduct outreach to the region’s Veteran community.
- Host or attend networking events and roundtables to introduce potential job candidates to the medical marijuana industry.
- Host or attend job fairs.

C. Mentoring, Training + Professional Development Programs

Essence’s mentoring, training and professional development program is structured with the intention of finding, fostering, and promoting diverse employees.

1. Robust Onboarding and Training

A robust onboarding and training program to ensure every employee feels comfortable and supported in the workplace. Features of this include:

- An Onboarding Mentor to help each employee through the first 90 days of employment.
- 30, 60, 90 and 120-day check-ins with management and/or Human Resources to review progress and questions.
- Annual, measurable goals with the assistance of the employee’s manager

- Open-door culture in which every employee should feel comfortable talking with management.
- Ongoing training and educational opportunities.

2. Semi-Annual Reviews for Feedback + Goal-Setting

A critical component in ongoing development is Essence’s twice-yearly reviews, where employees and their managers fill out a comprehensive job review and set expectations for the following 6 months. This encourages transparency in job performance and ignites opportunities for employees and managers to discuss growth.

3. Confidentially Maintained Applicant Tracking System

The following data will be confidentially maintained in Essence’s secure Applicant Tracking System (ATS) as components of the company’s audit process:

- An application flow log showing the name, race, sex, Veteran status, disability status, date of application, job title, interview status and the action taken for all individuals applying for job opportunities.
- Maintenance of employment applications (not to exceed one year).
- Records pertaining to Essence’s compensation system.
- Copies of letters sent to recruitment sources and community organizations.

D. Contracts with Local and Diverse Groups

Essence was the first cannabis business to join the Pasadena Chamber of Commerce. Essence is committed to working with local businesses and it shall use the Chamber’s directory as well as other methods (Google, Yelp, Home Advisor) to contract local Pasadena companies to provide services.

To support the 50+ health and wellness service providers that are members of the Pasadena Chamber of Commerce, Essence will allow these businesses to post promotional materials inside of its Pasadena storefront. Additionally, Essence shall provide these businesses with cannabis educational seminars, so that they can feel comfortable discussing cannabis with their clientele.

Essence shall contract with local service providers including security contractors, facilities management and cleaning vendors and IT consultants whenever possible. Essence will seek to contract with businesses that have been certified by a third-party organization as Minority-, Veteran- or Women-owned business and/or considered a small business.

E. Social Equity

Essence strongly believes in employing individuals that have been most harmed by cannabis criminalization and poverty. Essence shall give priority review to prospective employees who have

lived in areas that have been disproportionately harmed by cannabis law enforcement and poverty and now want to be included in the new legal cannabis industry.

Essence shall strive to maintain a workforce in Pasadena where a percentage of its employees, supervisors, and managers are those who live in areas of disproportionate rates of arrests/convictions, were convicted of prior minor cannabis offenses, have an annual income below 200% Federal Poverty Level, are a member of a household with an annual income at or less than 80% of the Pasadena median income, have a parent, sibling, or child who was arrested for or convicted of a cannabis-related offense, or have a custodial single parent receiving public assistance.

Essence shall provide mentoring for individuals facing systemic barriers. Employees that have prior cannabis convictions in California will receive assistance from Essence to have their criminal record expunged.

III. COMMUNITY REINVESTMENT PROGRAM

Essence is committed to supporting and reinvesting in the communities in which it operates. To ensure that it exceeds the expectations of the Pasadena community, Essence engaged with community leaders to gain a better understanding of the people that it plans to serve, as well as its neighbors' values. During this process, Essence was in contact with City Council Members, city officials, the City Manager's office, neighborhood activists, religious leaders, and the Pasadena Police Officer's Union.

Essence's Community Reinvestment Program shall support local community organizations and groups through active participation in events, financial contributions, in-kind donations, and volunteer hours.

Essence also understands that quality of life is a value of the City of Pasadena—where residents care deeply about the sanctity of their neighborhoods. As with all of its facilities, Essence shall have strict security and noise-control policies to ensure Essence brings minimal lifestyle impacts to adjacent residential neighborhoods. Essences shall work directly with these residents—in meetings and listening sessions - to understand their needs and address them.

A. Community Advisory Board

To ensure that Essence has a tangible and positive effect on the Pasadena Community and adequately reflects the values that it has learned through its community engagement outreach, it has established a Pasadena Community Advisory Board ("PCAB"). The PCAB allows Essence to have unique insights into the needs of its neighbors.

Each member of the PCAB holds a unique role serving Pasadena, and each has committed to providing Essence with the guidance necessary to be an upstanding neighbor in the community.

These community stalwarts will guide our neighborhood outreach and community compatibility plans. Essence shall provide a current list of members to state and/or city regulators upon request.

B. Community Education

Essence shall work with its PCAB to identify and participate in community education programs up to four times in any calendar year. Essence will also host its own community education events at least twice per quarter. Events may include:

- Forums for patients and community members to learn about the safe and appropriate use of cannabis.
- Educational seminars for physicians and other healthcare providers about cannabis as a medicine and safe dosage and consumption of cannabis.
- Presentations to educate Veterans about how to navigate the VHA as a cannabis patient.
- Expungement Clinics.

C. Philanthropic Support

Essence shall work with its PCAB and the Pasadena Community Coalition to identify local non-profit organizations to support such causes as homelessness, Veteran support, animal welfare, arts, and anti-bullying campaigns.

1. Monetary Donations

Essence has pledged one million dollars (\$1,000,000.00) to the betterment of Pasadena, comprised of \$50K donations to 5 different causes (\$250K) per year, for four (4) years after licensure. Three organizations have been identified:

- Pasadena Chamber of Commerce Education Foundation- To support the Pasadena Unified School District and Pasadena Community College students;
- Journey House of Pasadena- To provide assistance to former foster youth in the way of housing, employment and education;
- Homes4Families- Empowers low income Veterans and their families to enter the middle class through affordable home ownership and sustainable housing;

Essence shall work with the Pasadena Community Coalition identify two non-profits that provide services to the community most affected/harmed by cannabis criminalization (expungement clinics) and poverty.

2. Outreach Activities

Essence shall participate in events and programs offered by the many non-profits that operate in Pasadena or impact the Pasadena community. Essence's Director of Marketing and Community Outreach shall coordinate events and activities, at least 2-3 each month, such as food, clothing, and toy drives and special swag sales with proceeds donated to a charitable cause.

3. Quarterly Community Service Day

Essence shall require all executives, managers, and employees to participate quarterly in a community service day. Each community service day shall be organized with a local charitable organization.

Essence's PCAB members have identified a need for volunteers at Union Station Homeless Services. Essence shall commit staff time to volunteer for Union Station's life-saving work in kitchens to prepare meals, craft events, and even assisting in the office with administrative work. Essence's interested staff shall complete Volunteer Orientation at Union Station and be available to assist however the Union Station team sees fit.

IV. MEASURING AND REPORTING IMPACT

Each year, Essence will do a holistic evaluation of its Community Benefits Plan through the following qualitative measures.

A. Annual Reporting

An annual report shall be submitted to the Board of Directors and, if applicable, to state and/or city regulators as required, that includes:

- Workforce Utilization Report showing the representation of diverse participants in Essence's workforce.
- Efforts to reach out to and recruit diverse participants for employment, including data showing the representation of diverse participants in the application pool.
- Employee retention efforts.
- A list of all contracts entered into or transactions conducted for goods or services with diverse groups.
- A list of community activities, including volunteer hours and monetary donations.

B. Leadership Review

Essence's Executive Management Team, General Managers, and Dispensary Managers shall review its Community Benefit Plan activities at least annually and ensure it meets the following criteria. For any criteria not met, a corrective action plan will be implemented.

- Essence reflects its community benefit commitment in its mission statement, vision statement, or values statement.
- Essence's target communications and populations are clearly defined.
- Community members regularly participate in planning and evaluating Essence's community outreach programs.
- Community benefits are given explicit consideration in the budget process.
- Essence's board receives and discusses its Diversity and Community Reinvestment Plan reports.

SECTION 4: COMMUNITY BENEFITS PLAN

Community Benefits

We have a strong record of community partnership and philanthropy. Since the submission of our original application, we have engaged Harvest employees in selecting focal areas for outreach efforts, resulting in Harvest's three pillars of community outreach: health, human services, and social equity. For each community we serve, we seek to serve local needs, interests, and identify volunteer opportunities that align with these three pillars. In Pasadena, we are poised to do the same. Our goal is to integrate into and positively impact the City of Pasadena through community-focused programs and initiatives that promote quality of life and contribute to the local economy.

Benefits to Those Harmed by Cannabis Criminalization and Poverty

Pasadena is home to individuals of all racial and ethnic identities: Census data show that nearly half of the City's population identifies as Hispanic/Latino (34.4%) or Black (10.2%). It is these groups that are also disproportionately harmed by cannabis criminalization and poverty. Although cannabis usage rates are similar among Black and White individuals, the American Civil Liberties Union has reported that Black individuals are 3.7 times more likely to be arrested for cannabis possession. In addition, data from the U.S. Sentencing Commission show that Hispanic individuals comprise a staggering 77% of federal cannabis sentences despite comprising less than 20% of the U.S. population. Pasadena's Black citizens are also disproportionately affected by poverty, with 21.5% earning an income below the poverty level, nearly twice the overall City rate (13.2%).

Due to these inequities, our goal is to recruit, hire, and retain potential Black and Hispanic job candidates for managerial and associate-level positions within our retail store, providing them with high-quality, well-paying jobs and benefits. In doing so, we will implement the following initiatives.

Recruitment

We will emphasize recruiting efforts that target diverse job candidates to ensure our workforce reflects the diversity of the surrounding community. Before submitting our original application, we had contacted the Greater Los Angeles African American Chamber of Commerce, the California Black Chamber of Commerce, the San Gabriel County Black Chamber of Commerce, and the Los Angeles Latino Chamber of Commerce, describing our goal of inclusive recruitment and offering to collaborate with these organizations to host job fairs, trainings, and educational lectures focused on job opportunities within the cannabis industry. We have recently contacted each of these organizations to further these discussions and continue to build relationships with Pasadena workforce development organizations. Although the current COVID-19 pandemic has presented some challenges in reaching these organizations, we have had recent discussions with Jay King, CEO of the California Black Chamber, and Julian Canete, CEO of the California Hispanic Chamber, about social equity concerns and partnerships, job trainings, job fair participation, affinity programs, and providing cannabis education opportunities.

Compensation and Benefits

We will offer all employees competitive and fair compensation packages. Below is an estimated pay scale for future positions within the retail store.

Position	Pay Scale
General Manager	\$60,000 to \$75,000 per year
Assistant General Manager	\$48,000 to \$55,000 per year
Shift Supervisors	\$17.00 to \$21.00 per hour
Associates	\$16.00 to \$18.00 per hour

We will also implement the Harvest Heroes reward program to recognize hourly employees for exemplary work, including a \$50 Amazon gift card and a Harvest Hero personal certificate.

Performance Management and Evaluation

We will implement a performance management program inclusive of the following approaches and features which are specifically designed to promote equity in managers' interactions with and evaluations of employees:

- Performance objectives are clearly stated and presented to employees upon hire, ensuring all employees understand targets and expectations from day one.
- Performance objectives include both common and individually assigned goals, which serve to unite employees in shared targets while providing tailored opportunities for employees to demonstrate proficiency and excellence.
- Informal check-ins are distributed equally among employees to ensure that no one employee receives inadvertent favor in terms of the opportunity to convene with his/her supervisor.
- Informal check-ins and formal mid-year reviews afford ample opportunity for dialogue and feedback between supervisor and employee, promoting equal communication and transparency regarding progress and permitting employees to demonstrate growth or correct deficiencies.
- Annual reviews utilize a standardized format and occur at the same time for all employees. This structure permits shared performance objectives and reduces the potential for inadvertent bias (e.g., an employee evaluated during a strong sales week may receive higher marks than one evaluated during a slower period).
- Periodic "pulse" surveys allow all employees a method of providing feedback, opinions, and ideas, which are used by managers to guide team-building efforts.
- An electronic performance management system, Trakstar, will store all performance management records, prompting managers of employee check-ins, permitting the review of performance trends over time, and providing a resource to help managers improve coaching and feedback.

Health, Dental, Life, and Disability Coverage

We will offer full-time employees (i.e., those working a minimum of 30 hours per week) robust healthcare benefits, including coverage of the following:

- | | |
|---|--|
| • Ambulatory patient services | • Pediatric services |
| • Behavioral healthcare | • Physical therapy |
| • Chronic disease management | • Prescription drug coverage |
| • Dental and oral care | • Preventive and wellness services |
| • Emergency services | • Primary care |
| • Hospitalization | • Rehabilitative and habilitative services and devices |
| • Laboratory tests, screening, and services | • Vision |
| • Maternity and infant care | |

We will also offer a telemedicine service, Healthiest You, which allows employees, their spouses, and their dependents to reach doctors 24 hours per day, seven days per week to obtain treatment for common ailments (e.g., allergies, sore throat, respiratory infections). This service will be free for employees; all costs will be borne by the store.

Finally, we will also provide life insurance and disability coverage for employees. The Term Life and Accidental Death and Dismemberment (AD&D) insurance will provide, at no cost, a benefit of \$10,000 for associate-level employees and \$25,000 for management-level employees, with the AD&D insurance paying an additional benefit if a loss is suffered due to an accident. Long-term disability insurance will pay employees 60% of pre-disability earnings if they become disabled from injury or sickness.

Holiday Pay

Hourly employees will receive four paid holidays annually: Independence Day, Thanksgiving Day,

Christmas Day, and New Year's Day. If required to work on one of these paid holidays, they will be paid for the hours worked plus eight additional hours of holiday pay (e.g., if an employee works four hours on a holiday, s/he will receive 12 hours of pay). Hourly employees will also earn 1.5 times their regular rate of pay for hours worked on Easter, Memorial Day, and Labor Day. Salaried employees will be eligible for seven paid holidays annually. If a salaried employee is required to work on a holiday, s/he may request a floating holiday, to be taken within 30 calendar days.

Paid Time Off and Sick Leave

Salaried employees will be provided with unlimited PTO under the conditions prescribed by Harvest's employee handbook (available for review upon request).

Hourly employees will be advanced their full allotment of paid time off (PTO) on January 1st each calendar year. For employees hired after January 1st, PTO will be pro-rated based upon the month they are hired. PTO allotments will vary based upon length of service.

Length of Service	Annual PTO Allotment
0 to 2 years	39 hours
3 to 5 years	52 hours
6 or more years	70 hours

In accordance with California state law, employees will:

- Be allowed to accrue up to one-and-a-half times their annual PTO allotment
- Receive full, regular-rate compensation for any unspent PTO upon separation of employment (subject to our PTO accrual policies)
- In addition to PTO accrual, employees will accrue up to 48 hours and use up to 24 hours of paid sick leave per year

Leave and Accommodations

Pursuant to California state law, we will provide employees with the following leave and accommodations:

- Civil air patrol leave
- Domestic violence, sexual assault, and stalking leave and accommodation
- Military spouse leave
- Nursing mother/breastfeeding accommodations
- Organ and bone marrow donor leave
- Paid family leave
- Pregnancy disability leave and accommodations
- School activities leave
- Victims of crime leave
- Volunteer civil service leave
- Voting leave

Retirement

All full- and part-time employees will be eligible to participate in Harvest's 401(k) retirement plan after two months of continuous employment. Offering both Traditional and Roth 401(k) options, Harvest will match employee contributions dollar for dollar up to 3% of earnings and \$0.50 per dollar for the subsequent 2% of earnings (i.e., if the employee contributes 5%, Harvest will match 4%). Both employee and company contributions will vest immediately.

Professional Development

Employees will be encouraged to attend seminars, conferences, and workshops, which may include professional development conferences targeted toward specific groups, such as the African American Professionals Conference, the Hispanic Women's Corporation Professional Leadership Institute, and the Multicultural Business Conference. Depending on the content and nature of the event, we will reimburse

employees for costs associated with certifications, recertifications, and any required attendance. We are also exploring tuition assistance and reimbursement to help employees continue their training and professional development.

Support for Nursing Mothers

We will implement multiple measures to support nursing mothers. Managers will accommodate expression and breastfeeding needs, and all employees will be expected to assist in providing a supportive atmosphere for nursing employees. Specifically, mothers who are nursing or lactating will be allowed to breastfeed or express milk during work hours using their normal breaks, mealtimes, and additional breaks as approved by their manager. Additionally, our store will have a dedicated space for lactation and breastfeeding, which will be private (e.g., lockable) and sanitary, located near a sink with running water, and equipped with a chair, table or counter, electrical outlet, and privacy screen (if necessary). If employees prefer, they may also breastfeed or express milk in other comfortable locations agreed upon in consultation with their manager. Expressed milk can be stored in private coolers or in a general or designated facility refrigerator (if clearly marked).

Work with Local Non-Profits and Community Groups

Support for Pasadena Non-Profit and Community Organizations

We seek to establish a culture of philanthropy and support throughout the Pasadena community, including the donation of at least \$15,000 annually to local charitable and non-profit organizations. We will also implement a Volunteer Time Off Policy, which gives eligible employees up to eight hours of paid time off annually from regularly scheduled work hours to perform volunteer services with an approved organization. Implementing this policy will result in up to 160 hours of paid volunteer time each year dedicated to Pasadena community organizations.

Before submitting our original application, we contacted the following organizations:

- AbilityFirst
- Angeles Chorale
- Aspires West Pasadena
- Boston Court Performing Arts Center
- Cancer Support Community – Pasadena
- CHOICCESS
- Cystic Fibrosis Foundation
- Door of Hope
- Epilepsy Foundation of Greater Los Angeles
- Eye Heart Art
- Foothill Unity Center, Inc.
- Hathaway-Sycamores Child & Family Services
- Help for Strokes
- The Foundation for Living Beauty

CHOICCESS, an organization devoted to improving and increasing the ability of persons with developmental disabilities, provided support for our application, and we committed to donating at least \$1,500 and providing time and resources to their organization should we be granted a permit to operate in Pasadena. We have recently been in contact with Joe Donfrio, CHOICCESS' CEO, to furnish this donation.

In alignment with Harvest's new Community Outreach pillars of health, human services, and social equity, we have also made recent contact with the following organizations to continue our integration into the local community:

- Boys and Girls Club of Pasadena
- Cancer Support Community – Pasadena
- Cystic Fibrosis Foundation
- Door of Hope
- Epilepsy Foundation of Greater Los Angeles
- Foothill Unity Center, Inc.
- Hathaway-Sycamores Child & Family Services
- Journey House
- Pasadena Educational Foundation
- Stars
- The Foundation for Living Beauty
- YWCA Pasadena-Foothill Valley

To date, members of our outreach team have spoken with Julie Stevens (Operations Manager of Cancer Support Community – Pasadena), Jessica Granger (Event Support Specialist of the Cystic Fibrosis Foundation), Sondra Ware (Volunteer Program Manager of Foothill Unity Center, Inc.), Ariana Barrett (Assistant Director of The Foundation for Living Beauty), Michael Fenn (Community Engagement Coordinator of the Boys and Girls Club of Pasadena), and Tim Mayworm (Executive Director of Journey House). Many of these individuals expressed interest in utilizing Harvest volunteers within their organizations, and Ms. Barrett was excited to learn about online cannabis education program (currently under development), as she and the CEO of The Foundation for Living Beauty believe in the value of cannabis education. We will continue to follow up with these organizations to determine specific programs and initiatives in which we can participate.

Collaboration with Pasadena Youth Educational Programs and Institutions

We want Pasadena citizens to know that the unlawful or irresponsible use of cannabis has severe consequences. Although recreational cannabis is legal in the State of California, there are penalties for recreational use under the age of 21 and medical use without a valid physician's recommendation. Moreover, the misuse or abuse of cannabis can lead to negative physical and social-emotional outcomes. To bring awareness of the penalties for unlawful use of cannabis and potential physical and mental health consequences, we will actively participate in City-led public outreach and educational programs for youth and educational institutions that outlines the risks of youth use of and addiction to cannabis and identifies resources related to drugs and drug addiction, per PMC 5.78.200(C).

Partnerships with Pasadena Businesses

We will also partner with existing Pasadena businesses to provide goods and services necessary for our retail operations. Before submitting our original application, we contacted the following organizations, receiving letters from ABS Computer Services and Edgar's Gardening and Tree Service expressing their interest in providing goods and services to our retail store:

- Landscaping
 - New Image Landscaping and Tree Service
 - Pasadena Gardening and Tree Service
 - Edgar's Gardening and Tree Service
- Vehicle Maintenance
 - Hrant Auto Service
 - Hilo Auto Repair
 - Pasadena Automotive Repair
- Office Supplies
 - M3 Office, Inc.
 - Arise Hospitality Solutions
- HVAC
 - Pasadena Quality AC Repair
 - Bryant Heating and Air Conditioning
 - Performance Heating and Air Conditioning
- Computer and IT Services
 - ABS Computer Services
 - AJCCTech

After vetting these organizations further, we have since contacted AJCCTech, who has also expressed interest in providing computer/IT services for our retail store. Please find a letter of interest attached.

We will also continue to explore opportunities to work with other Pasadena organizations, including local artists, restaurants (to cater meetings and events), and those that provide vehicle maintenance, HVAC, cleaning/janitorial, event planning, and phone/internet services. We will also collaborate as needed with City chambers to identify and engage with businesses in Pasadena that can provide other goods and services necessary for retail operations.



AJCCTECH

Put The Power back in your PC

Adam Judis

(President/CTO)

196 S. Rosemead Blvd.

Pasadena, CA 91107

Phone: 626-405-1739

Toll Free: 888-887-0965

www.ajcctech.com

Date : 04/08/2020
To : Harvest Inc.
Re : Letter of Intent and Capability
Attn : Steve Stevens

Dear Steve,

I am writing you to express my interest in the opportunity to work alongside Harvest Inc.'s I.T. department in facilitating the installation of the computer related infrastructure for the new Pasadena Harvest Inc. location. As I currently own and have operated AJCCTECH for over 20 years serving the San Gabriel Valley with computer related services, I am quite confident that I am able to assist with getting your new location up and running as quickly as possible.

As I have been working in the field since the mid 1990's, specializing in hardware / software troubleshooting and installation as well as servers and networking. I am comfortable with working alongside and communicating with diverse people across various platforms under specific time constraints and I believe getting your new location up and running should be an easy task for me especially with the guidance of your I.T. department.

I look forward to hearing back from you and working with you, please feel free to reach out to me if you need any other information or references.

Thank you,

Sincerely,

Adam Judis