

# *City of Brisbane*

## *Planning Commission Agenda Report*

**TO:** Planning Commission For the Meeting of September 27, 2018

**FROM:** Julia Ayres, Associate Planner, via John Swiecki, Community Development Director

**SUBJECT:** Use Permit UP-5-18; 101 South Hill Drive; TC-1 Crocker Park Trade Commercial District; Use Permit to establish a delivery-only retail, light manufacturing, distribution, and warehousing cannabis business within an existing 18,800 square foot office/warehouse building; Larry Thacker, Caliva, applicant; 101 111 South Hill Drive LLC, owner.

**REQUEST:** The applicant requests approval of a Use Permit application to establish a cannabis business for delivery-only cannabis retail, light manufacturing, distribution and warehousing, within an existing office and warehouse building in Crocker Park. A Use Permit is required to allow cannabis businesses to operate within the TC-1 Crocker Park Trade Commercial District.

**RECOMMENDATION:** Approve Use Permit UP-5-18 via adoption of Resolution UP-5-18, containing the findings and conditions of approval.

**ENVIRONMENTAL DETERMINATION:** Projects that involve expansion or continuation of an existing use are categorically exempt from the provisions of the California Environmental Quality Act per Section 15301(a) of the CEQA Guidelines. The exceptions to this categorical exemption referenced in Section 15300.2 do not apply.

**APPLICABLE CODE SECTIONS:** Conditionally permitted uses in the TC-1 Crocker Park Trade Commercial District are discussed in BMC Section 17.19.030. Cannabis business regulations are contained in BMC Chapter 17.33.

**PROJECT DESCRIPTION:** The proposed business, Caliva, is a vertically integrated (including all stages of cannabis production, from cultivation to retail product delivery) cannabis business based in San Jose and operating since 2015. The proposed operations in Brisbane would be limited to delivery-only retail, light manufacturing, and warehousing operations within an approximately 18,800 square foot existing office/warehouse building. The business would utilize existing loading docks, and all existing dedicated office areas and warehousing areas will remain unchanged, with the exception of minor tenant improvements to improve the existing interior spaces' functionality and overall building security.

Per the applicant's operations plan (Attachment C), the company intends to establish a distribution "hub" at the subject property to store and transport its branded products to other licensed retailers and distributors across California. The delivery-only retail operations will consist of delivery drivers (both Caliva-employed as well as third party licensed delivery retailers, such as Eaze) transporting goods directly to the consumer.

The company's manufacturing activities are described in detail in the operations plan beginning on page 14. These activities would include production and refinement of cannabis resins and oils from cannabis plants, and manufacturing cannabis concentrates into consumable materials including extracts, capsules, tinctures, vape cartridges, as well as topical ointments. The manufacturing process will include use of solvents subject to regulation by the North County Fire Authority. In the future, and included in this Use Permit request, the manufacturing operations will also include an industrial grade kitchen to produce cannabis-infused beverages and edible products. The North County Fire Authority has reviewed the manufacturing operations plan and will require specific sprinklering and other fire safety improvements to be installed prior to occupancy (see Attachment D, Resolution UP-5-18, Condition of Approval A).

## **ANALYSIS AND FINDINGS:**

### Cannabis Business Requirements

BMC Chapter 17.33 contains detailed requirements for the operations of cannabis businesses that all businesses must demonstrate compliance with at the Use Permit, building permit, and business license stages. The applicant has completed a Cannabis Business Checklist and Operations Plan (attached for the Commission's reference) demonstrating how they will comply with the performance and operating standards contained in Chapter 17.33. Pertinent standards relevant to the Use Permit approval are discussed in detail below.

*State Licensing.* This performance standard will be met subsequent to approval of the Use Permit. The applicant will obtain the appropriate State licenses from the Bureau of Cannabis Control and Department of Public Health for the proposed delivery-only retail, distribution, and manufacturing operations at the subject property pending Commission action on this Use Permit. Consistent with State regulations, they may not receive their license from the State until such a time as the City authorizes their land use permit.

*Hours of Operation.* This performance standard will be met, per Section 1.3 of the applicant's Operations Plan. Currently, BMC §17.33.020.C prohibits cannabis businesses to conduct deliveries and pick-ups between 7 p.m. and 8 a.m. It should be noted that the City Council has directed the Planning Commission to eliminate the special operating hours for a retail-delivery business, which would be considered by the Planning Commission separately from this Use Permit application.

*Odor Control.* Similarly to the existing Crocker Park-wide performance standard in BMC §17.19.050, this standard requires all odors to be contained on the property on which the business is located. This performance standard will be met through a combination of interior and

exterior air “scrubbers” and filters, as described in detail on pages 16-18 of the applicant’s Operations Plan. Staff has added a condition of approval to Resolution UP-5-18 reiterating this requirement and asserting that the applicant shall work with the City to correct odor concerns if the city receives any odor complaints. As a point of information, BMC §17.19.050 also stipulates that “unresolved or repeated odor complaints may be the basis for suspension or revocation of the business license or use permit, as applicable.”

*Location of Business Activities.* This standard requires that all aspects of the business, with the exception of incidental loading and off-loading of cannabis or cannabis products, occur within the building where the business is being conducted. It also requires that the interior use related to cannabis products not be visible from the exterior of the site. As described in the applicant’s Operations Plan, all business operations with the exception of product loading and off-loading will occur inside the building.

*Security and Site Inspections.* With the conditions of approval provided in the attached Resolution UP-5-18, all requirements related to security and safety of business operations will be met. The Police Department has reviewed the application and provided the applicant with specific security features that will be required to be installed prior to occupancy and operations.

#### Use Permit Analysis and Findings

In order to approve the Use Permit, the Planning Commission must determine the following, per BMC Section 17.40.060:

- A. “In considering an application, the planning commission shall consider and give due regard to the nature and condition of all adjacent uses and structures, and to general and specific plans for the area in question.”
- B. “The planning commission shall determine whether or not the establishment, maintenance or operation of the use applied for will, under the circumstances of the particular case, be detrimental to the health, safety, comfort and general welfare of the persons residing or working in the neighborhood of such proposed use, or whether it will be injurious or detrimental to property and improvements in the neighborhood or the general welfare of the city. If the planning commission finds that the aforementioned conditions will not result from the particular use applied for, it may grant the use permit.”

The proposal would meet the both findings, as discussed below.

*Adjacent Uses and Structures-* The subject property is located in the Crocker Industrial Park, the City’s largest trade commercial district (zoned TC-1, Crocker Park Trade Commercial District). The property is occupied by two warehouse buildings with accessory office space, both formerly occupied by Aircraft Technical Publishers (ATP) and presently vacant. The proposed business under this Use Permit would occupy the building closest to South Hill Drive at 101 South Hill Drive. The Commission should note that another prospective cannabis business is presently considering leasing the rear building (111 South Hill Drive), which require a separate Use Permit application to be considered by the Commission at a future public hearing.

The property is bordered to the west by existing food production and distribution uses at 123 South Hill Drive and 145 South Hill Drive (Bi-Rite Foodservice Distributors and Del Monte Meats), and manufacturing uses (Lee Mah Electronics) at 155 South Hill Drive. To the east, adjacent uses include freight forwarding, office, and warehouse uses at 99 South Hill Drive (DHL, F.W. Spencer, Norman Wright Mechanical Equipment). The proposed delivery-only retail, light manufacturing, and distribution/warehouse cannabis uses are thus consistent with the adjacent uses and structures, and Crocker Park as a whole.

The site is separated from the Crocker Park Recreational Trail (CPRT) by the approximately 60 foot wide South Hill Drive right-of-way and approximately 20 feet of grade separation and is thus not visible or accessible from the CPRT.

*General Plan Consistency-* The proposed delivery-only retail, light manufacturing, and distribution/warehousing cannabis uses are consistent with the property's Trade Commercial land use designation in the 1994 General Plan.

General Plan policies applicable to the proposed uses include the following:

**Policy 8:** Maintain and diversify the City's tax base, consistent with community character, in order to generate adequate revenues for City Government and sustain a healthy local economy. (*Local Economic Development, Ch. 4*)

**Policy CP.3:** Encourage uses that benefit the community, providing jobs, revenues and services. (*Subarea Policies, Crocker Park*)

The Use Permit application would allow the establishment of one of the first cannabis-related business in Brisbane following the Council's adoption of Ordinance 617 in 2017 to conditionally allow such uses to operate in the City. In general, businesses that comply with the performance standards in BMC Chapter 17.33 would support the City Council's stated interest in allowing such uses to be established in the City as part of a new and growing industry.

**Policy CP.11:** Review development plans to assure adequate parking/loading on site. (*Subarea Policies, Crocker Park*)

The proposed use would continue an existing office and distribution/warehousing use at the subject property and would not intensify the existing parking demand of the site. While manufacturing activities would be introduced to the site through the subject application, the Municipal Code establishes the same parking requirement for manufacturing, food production, and distribution/warehouse uses of one parking space per 1,000 square feet of floor area. Even though the subject application would not trigger compliance with parking, the applicant's site plan (see Attachment B) demonstrates that 49 on-site parking spaces will be provided where a minimum of 32 spaces are required.

**Policy CP.20:** Provide the opportunity for a property owner to request police review of plans for new construction and remodeling to provide suggestions for the control of vandalism and theft.



As previously noted, the Police Department has reviewed the Use Permit application and will require security-related improvements to be installed on the premises, subject to review and compliance prior to building occupancy.

**Policy CP.24:** Contain major business activities inside buildings.

As required by the TC-1, Crocker Park Trade Commercial district regulations, as described in the applicant's business operations plan, and as reiterated in Condition of Approval J included in Resolution UP-5-18, all major business activities with the exception of delivery loading and off-loading shall take place inside the building.

*Not Detrimental or Injurious to the Property, Neighborhood or City* – Given the conditions of approval contained in Resolution UP-5-18, particularly related to security and fire safety requirements, the proposed cannabis business would not be detrimental or injurious to the property, neighborhood or city at large. The delivery-only retail, light manufacturing, and distribution/warehouse uses would be a continuation of existing uses on the property and in the immediate vicinity, in compliance with all required performance standards for all businesses and specifically cannabis-related businesses in the zoning ordinance. No significant increase in existing vehicle trip volume is anticipated as the proposed use is a continuation of an existing use.

This application has been reviewed by the Public Works Department, Police Department and North County Fire Authority. These departments have required conditions of approval for the project that are included in the attached Resolution UP-5-18.

**ATTACHMENTS:**

- A. Vicinity map
- B. Applicant's Plans
- C. Cannabis Business Checklist and Applicant's Operations Plan
- D. Draft Resolution UP-5-18 with recommended Findings and Conditions of Approval

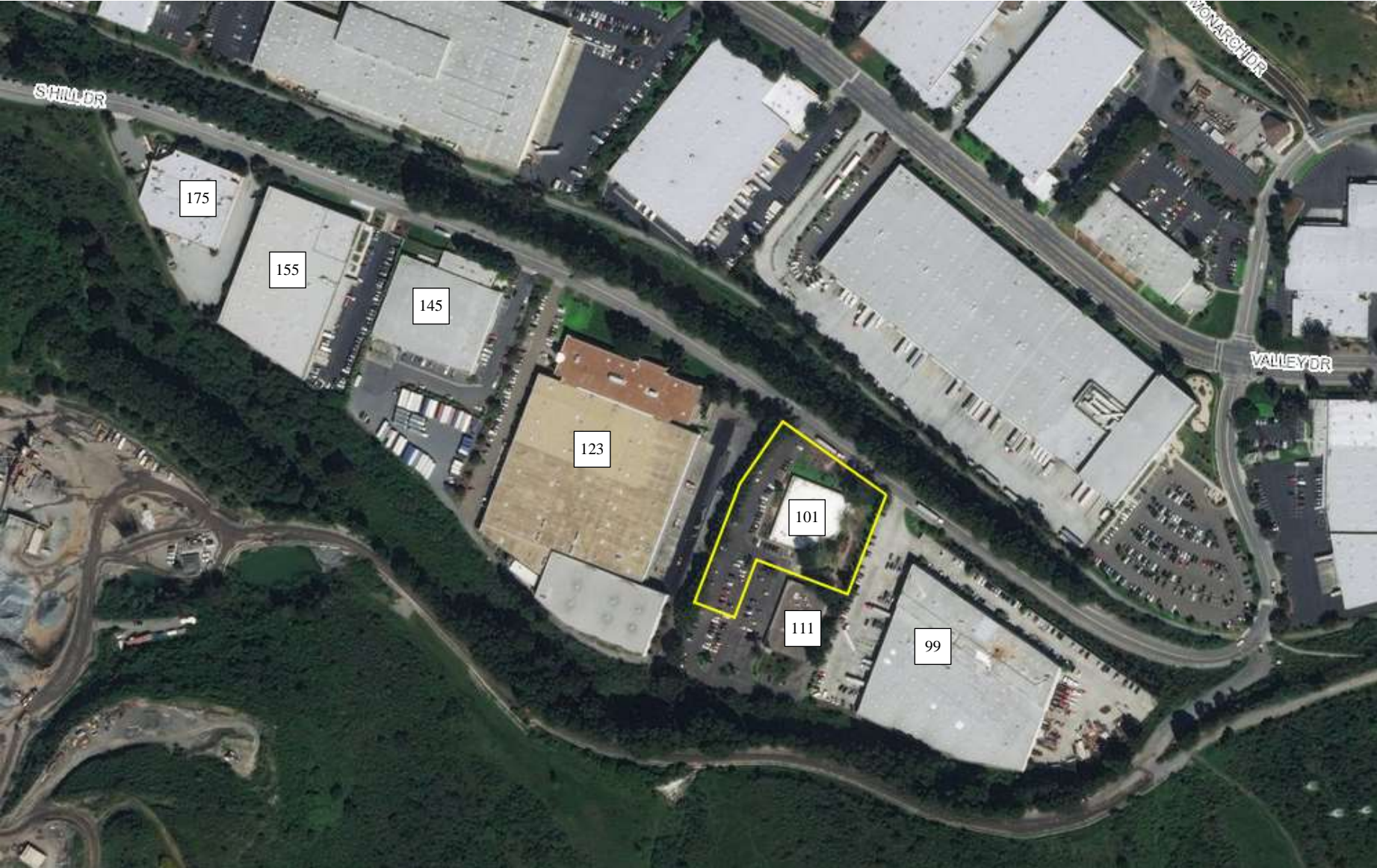
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# ATTACHMENT A

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Vicinity Map  
101 S. Hill Drive

Attachment A



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# ATTACHMENT B

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**SHEET INDEX**

**ATTACHMENT B**

C1.1 COVER AND SITE PLAN  
A1.1 EXISTING FLOOR PLAN

**PROJECT DESCRIPTION**

DESCRIPTION: CONDITIONAL USE PERMIT FOR A CANNABIS DISTRIBUTION AND MANUFACTURING FACILITY.

APPLICANT: CALIVA  
214 DUPONT ST  
SAN JOSE, CA. 95126

OWNER: 101-111 SOUTH HILL DR, LLC.

PARCEL: 005-280-170  
ZONING: M-1  
SUBDIVISION: CROCKER INDUSTRIAL PARK  
CONSTR. TYPE: V-N  
OCCUPACY: F-1  
SPRINKLERED: YES

PARCEL SIZE: 93,000 APPROX SQ. FT.  
EXISTING BLDG: 18,800 APPROX SQ. FT.

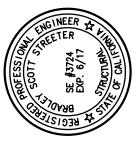
PARKING CALCULATIONS:  
5,136 SF OFFICE AREA/300 = 17.12 = (18) SPACES  
13,664 SF WAREHOUSE/1000 = 13.66 = (14) SPACES  
TOTAL REQUIRED = (32) SPACES  
TOTAL PROPOSED = (48) STANDARD + (2) ADA + (1) LOADING = (49) SPACES

REVISIONS	BY

**Streeter Group, Inc.**  
Architecture, Structural Engineering  
2571 Main Street, Suite C, Soquel, CA 95073  
Phone: (831) 477-1781 www.streetergroup.com

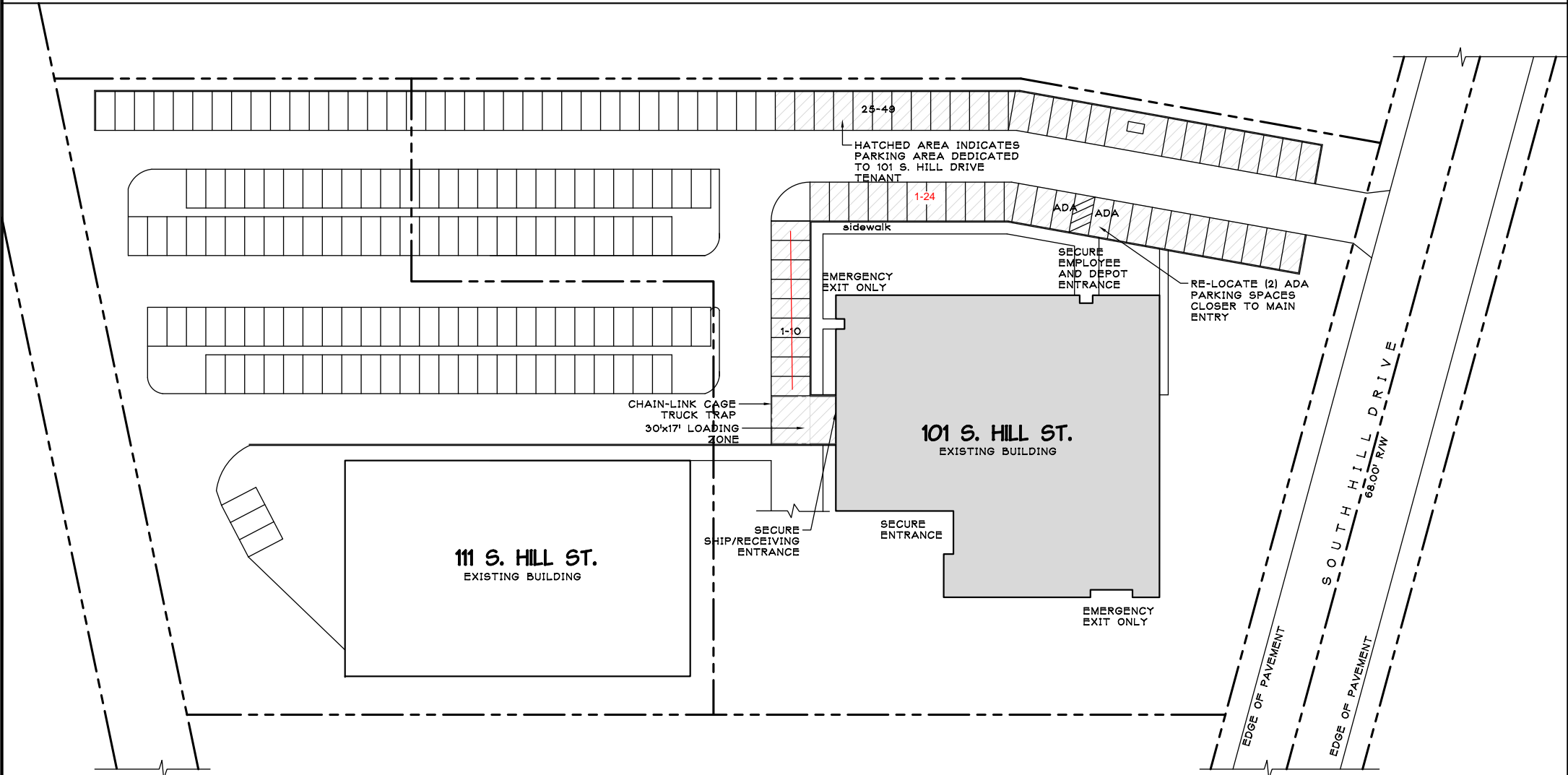


**CALIVA - BRISBANE**  
101 S. HILL DRIVE, BRISBANE CA.



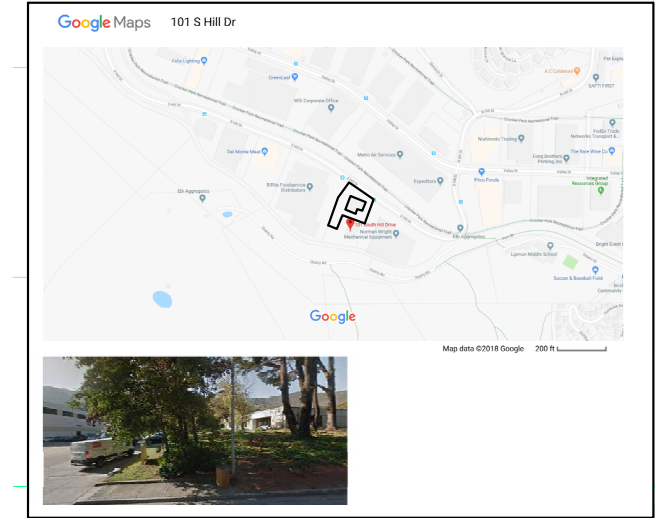
**SITE PLAN  
VICINITY MAP  
PROJECT DESCRIPTION**

DATE: 07-13-18  
SCALE: AS NOTED  
DRAWN BY: KS  
CHECK BY: BSS  
CAD FILE: C1.1  
JOB NO: 18051  
SHEET  
**C1.1**  
OF XX SHEETS



**SITE PLAN**

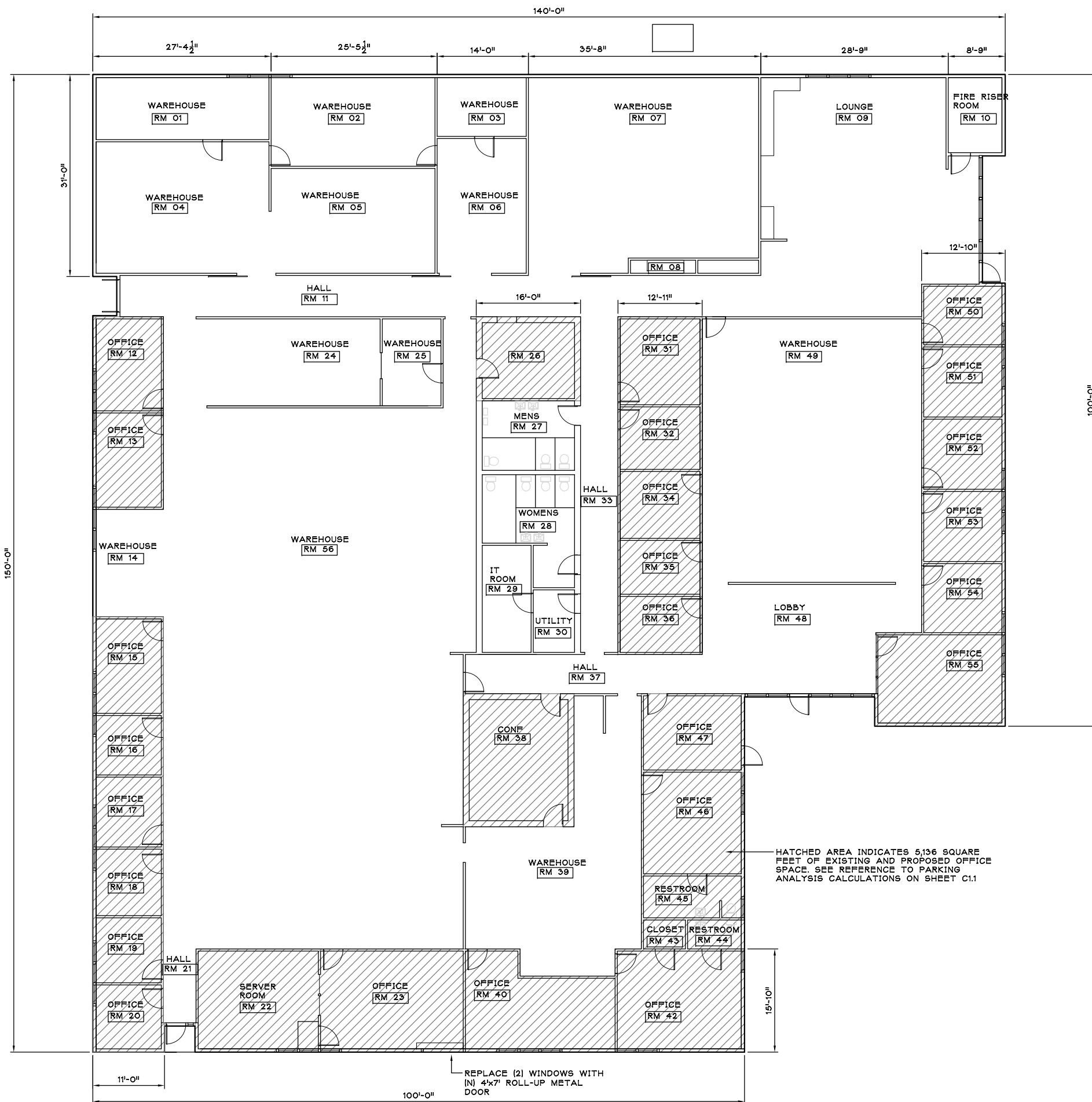
SCALE: 1"=30'  
NOTE: THIS SITE PLAN IS NOT AN OFFICIAL SURVEY AND IS BEING PROVIDED FOR REFERENCE PURPOSES ONLY



**VICINITY MAP**

NO SCALE

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**EXISTING and PROPOSED FLOOR PLAN**

5,136 SF OFFICE  
13,664 SF WAREHOUSE  
18,800 SF TOTAL

SCALE: 1/8"=1'-0"

HATCHED AREA INDICATES 5,136 SQUARE FEET OF EXISTING AND PROPOSED OFFICE SPACE. SEE REFERENCE TO PARKING ANALYSIS CALCULATIONS ON SHEET C1.1

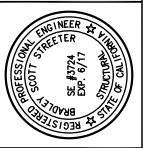
REPLACE (2) WINDOWS WITH (N) 4'x7' ROLL-UP METAL DOOR

REVISIONS	BY
1	
2	
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4	
5	
6	

**Streeter Group, Inc.**  
Architecture, Structural Engineering  
2571 Main Street, Suite C, Soquel, CA 95073  
Phone: (831) 477-1781 www.streetergroup.com



**CALIYA - BRISBANE**  
101 S. HILL DRIVE, BRISBANE CA.



**EXISTING AND PROPOSED FLOOR PLAN**

DATE: 07-13-18  
SCALE: AS NOTED  
DRAWN BY: KS  
CHECK BY: BSS  
CAD FILE: A1.1  
JOB NO: 18051  
SHEET

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# ATTACHMENT C

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# CANNABIS BUSINESS COMPLIANCE CHECKLIST

COMMUNITY DEVELOPMENT

DEPARTMENT

50 PARK PLACE | BRISBANE, CA

This checklist shall be completed by the applicant and attached to a use permit, building permit, or business license application for cannabis businesses and cannabis testing laboratories. **Incomplete checklists will delay permit processing.**

## BUSINESS AND OWNER INFORMATION

Name of Business NC3 Systems, Inc. (DBA Caliva)  
 Name of Business Owner CMG Partners, INC.  
 Business Address 101 S. Hill Dr., Brisbane, CA 94005  
 Business Phone (669) 234-4049  
 Business Email hello@gocaliva.com

**IF BUSINESS OWNER IS NOT A NATURAL PERSON**, Name of individual authorized to represent the business who may be contacted by the City:

Larry Thacker (714) 313-6003 larry@gocaliva.com  
 Name Phone Email  
214 Dupont St., 2nd Floor, San Jose, CA 95126  
 Mailing Address

## BUSINESS TYPE

Sole Proprietorship  Corporation  LLC  Partnership

## OPERATIONAL AND MANAGERIAL EMPLOYEE INFORMATION

Management employees include general managers, shift managers, or any other employees who make operational or management decisions that directly impact the business. (Use additional pages if necessary.)

(1) Name <u>Larry Thacker</u>	Date of Birth <u>12/23/1967</u>
Address <u>28381 Camino La Ronda</u>	City/State/Zip <u>San Juan Capistrano, CA 92675</u>
Daytime Phone <u>(714) 313-6003</u>	Email (Opt) <u>larry@gocaliva.com</u>
(2) Name <u>Steve Allan</u>	Date of Birth <u>03/03/1978</u>
Address <u>80 Teresita Blvd.</u>	City/State/Zip <u>San Francisco, CA 94127</u>
Daytime Phone <u>(415) 209-3841</u>	Email (Opt) <u>steve.allan@gocaliva.com</u>
(3) Name <u>Dennis O'Malley</u>	Date of Birth <u>10/27/1972</u>

Address <u>120 Dundee Lane</u>		City/State/Zip <u>San Carlos, CA 94070</u>	
Daytime Phone <u>(408) 309-1401</u>		Email (Opt) <u>dennis@gocaliva.com</u>	
(4) Name		Date of Birth	
Address		City/State/Zip	
Daytime Phone		Email (Opt)	

**BUSINESS PREMISES- PROPERTY INFORMATION**

Street Address 101 S.Hill Drive, Brisbane, CA 94005

APN(s) 005-280-170

Property Owner Zach Barulich

Owner Address 123 S.Hill Drive, Brisbane, CA 94005

Owner Email zbarulich@biritel.com

Owner Phone (415) 656-0187

Zoning District: Select Zoning District

SP-CRO     SCRO-1     TC-1

**BUSINESS ACTIVITY TYPE (Check all that apply)**

Laboratory Testing (R&D)     Manufacturing     Warehousing     Retail-Delivery

**ON-SITE CANNABIS INFORMATION**

	Weight (lbs) to be received on property on a daily basis	Weight (lbs) to be stored on property on a daily basis	Weight (lbs) to be transported from property on a daily basis
Raw (unprocessed) cannabis	<u>25</u> lbs	<u>100</u> lbs	<u>25</u> lbs
Processed cannabis/ cannabis products	<u>10</u> lbs	<u>70</u> lbs	<u>10</u> lbs



**ATTACHMENTS**

Attach the following documents to this checklist:

 **Documentation of Business Organization**

Sole Proprietor –Fictitious Business Name Statement (if different than owner's name)

Corporation –Articles of Incorporation and Corporate Bylaws

LLC –Articles of Organization and Operating Agreement

Partnership –Partnership Agreement

**Live Scans** (for business employees listed on application). Please note the Brisbane **N/A** Police Department does not offer Live Scans. To search for Live Scan providers throughout the State, please visit <https://oag.ca.gov/fingerprints/locations>.

**Copy of State License, if Available (or Statement of Which License will be Obtained)**

**State Certificate of Good Standing** for business owner (*the State in which the entity is organized can provide information about how to obtain one*)

**List of All Individuals or Entities that Own the Business**, including their percentage of ownership. If other entities are part of the ownership, provide the same list of ownership for the entity. The goal is to see the underlying ownership by individuals. *The City may require additional documentation at its discretion.*

**City of Brisbane Business License Application** with verification of fee payment.

*Not applicable to Use Permit applications. Business license will be required as condition of approval for Use Permit applications.*

**Written Description of Operations.** A written statement describing the following:

- Business activity, product, production, and sources.
- Hours of operation
- Odor control
- Visibility of operation
- Labeling

**Building , Site and Floor Plans**

- Five (5) sets of plans.

Refer to the Use Permit or Building Permit application checklists for complete requirements.

**Stormwater Control** **N/A**

- All applications proposing 10,000 square feet or more of new or replacement impervious surfaces on a site must complete the C.3/C.6 Project Checklist.

**Wastewater Pre-Treatment Control (For Industrial Users)** **N/A**

- Provide a completed wastewater discharge permit application from the San Francisco Public Utilities Commission.

- SFPUC approval of the wastewater discharge permit is required prior to building permit issuance.

**Description of Water Infrastructure**

- Expected source of water
- Level of water use (gallons per day).

This information must include the business as well as the entire parcel.

**Security Plan, Security Measures and Security Breach Response**

- Describe and document a 24/7 Security Plan.
- Address security measures and responses to security breaches.

**Fees**

- Use permit, building permit, or business license application fee; refer to the master fee schedule.

**BUSINESS OWNER**

By signing below, I(we) expressly

- consent to entry and inspection of the premises by the City of Brisbane Building Official, or designee, upon reasonable notice;
- acknowledge that a building permit does not authorize nor provide immunity or defense to any activity prohibited under federal law, statute, rule or regulation; and
- hereby release, indemnify and hold harmless the City of Brisbane, and its agents, officers, elected officials, employees and contractors from losses of any kind resulting from this building permit and/or use permit application.

I(we) certify under penalty of perjury that the information submitted in this application, including all supporting documents and materials is, to the best of my(our) knowledge and belief, true, accurate, and complete. I(we) further certify that I(we) am(are) authorized to sign this application and thereby bind the applicant and all of applicant's owners to compliance with all permit conditions.

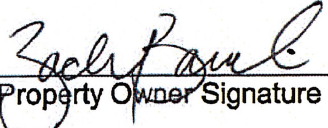
D. O'Malley  
Business Owner Signature

8/2/18  
Date

Dennis O'Malley CEO  
Printed Business Owner Name and Title

**PROPERTY OWNER**

By signing below, I certify that I have reviewed this application, and approve of the use of the property for the purposes stated in the application. I expressly consent to entry and inspection of the premises by the City of Brisbane Building Official, or designee, upon reasonable notice. I further certify that I am authorized to sign this application.

  
\_\_\_\_\_  
Property Owner Signature

7-31-18  
\_\_\_\_\_  
Date

Zachary Baulich, CFO for 101-111 South Hill Drive, LLC  
\_\_\_\_\_  
Printed Property Owner Name and Title

City of Brisbane  
**Business Operations Plan**

## Written Description of Operations:

### **Business Plan**

#### Introduction

This is the written Business Plan for **NC3 SYSTEMS (dba Caliva)** (hereinafter sometimes referred to as “We”, “Us”, “Our”, “Organization” or “Business”). This plan addresses and meets the requirements of City of Brisbane Municipal Code, Title 17, Chapter 17.33. Caliva plans to comply, as applicable, with all Brisbane laws relative to cannabis.

Caliva is a commercial cannabis business organized as a Corporation under the State of California. Caliva currently is a legal, city and state licensed vertically integrated cannabis business in San Jose, California, operating since July 2015.

Our business model is driven by two constraints: the legal conditions placed by state and local governments on the operation of commercial cannabis businesses and the commitments specific to our mission and north star.

We were founded under the belief that the future of the cannabis industry would require professional organizations, built around compliance and whose expertise could change the perceptions of the people, regulators and the general business community. By creating a higher standard Caliva can elevate the community programs it’s involved in and therefore raise the level of every cannabis business operating under that program.

Caliva’s goal is to become the brand and thought leader in cannabis in the United States. We will use business, science and health care practices under strict regulatory compliance. We are an industry leader with a proven track record in bringing large-scale cannabis projects to operational capacity. Our team is built around experts in the fields of healthcare, finance, research and development, and agricultural science.

We partner with cities to be a best in class business and employer. Our community goal is to be seen as a solid contributor to help in changing the perceptions of an industry that is not a model corporate citizen or employer.

Caliva is proposing a non-storefront delivery service, distribution and manufacturing facility located at 101 S. Hill St. Our project timeline allows for an opening of our delivery and distribution businesses on Thursday November 1, 2018 with an opening of our manufacturing business within six to twelve months thereafter. Caliva has a dedicated project management team that is already engaged in the redevelopment of the site and the development of the internal operational controls for the expansion of Caliva’s operation in Brisbane. Our Human

City of Brisbane  
**Business Operations Plan**

Resource Department is developing a hiring plan; hiring and recruiting will start on October 1, 2018.

This building requires little construction. Security, IT and Retail point of sale equipment and software have already been identified. Business infrastructure such as insurance, payroll, finance, banking, security, purchasing and logistics are already developed and ready for operations in Brisbane.

Our Cultivation and Manufacturing facility in San Jose is prepared to stock both our non-storefront delivery and distribution inventory. Our material management team has already arranged contracts for vendors to provide additional variety of products for our retail space.

- Start of Construction- September 1
- Construction completed- October 15
- Retail Delivery opens- November 1
- Distribution opens- November 1
- Caliva will develop future manufacturing operations on this site and will update the City of Brisbane accordingly

### Caliva's North Star

In a world where millions of people seek improved wellness, they find their cannabis options for both product and experience to be inconsistent and inaccessible.

These wellness consumers are desperately seeking a trusted, transparent, consistent choice for their wellness. Logically these customers seek tested, safe and consistent products. Emotionally these customers seek an accessible, approachable, refined experience, ideally one they can connect with on a community level.

We believe there is a better way.

Caliva exists for the "informed consumer" seeking consistent, trusted, cannabis-based wellness options, in a convenient manner.

We are in business to provide trusted wellness products, services and solutions through a refined experience. We are looking to make healthy and safe choices a standard, not an exception. We are looking to lead the industry and do so authentically.

### Parking

Caliva's facility in Brisbane will be a dedicated, closed-door facility that caters to the delivery of cannabis goods to the end consumer and as a business-to-business distribution center. Under state law a distributor cannot have another business pick up its order at the distributor's

City of Brisbane  
**Business Operations Plan**

facility. As a non-storefront retail delivery service, our customers will not be allowed to come to the facility.

This model is based on our current business experience. Our current distribution business in Southern California delivers to its customers two days per week and requires one truck that does 5-7 deliveries on each of those days.

Our delivery service is a proven model that has been developed in our San Jose facility. We do 40 deliveries per day and the average customer order is \$175.00. Caliva has a higher average order size because we do not offer aggressive discounts intended for the intoxicant market. Rather we seek to offer wellness products and we incentivize discounts on larger orders.

Brisbane's parking law requires 1 space for every 1000 sq. ft. of warehouse space and 1 space for every 300 sq. ft. of office space. Our facility will have 13,644 sq. ft. of warehouse, equating to a required 14 parking spaces, and 5136 sq. ft. of offices for another required 18 spaces. As noted on our site plan, Caliva will have 49 parking spaces, which exceeds the city's requirement by 17 spaces.

### A Good Neighbor

Caliva prides itself on being a good neighbor. We are respectful of other businesses surrounding our facility in San Jose and we intend to mirror that attitude in Brisbane.

Our efforts will be manifest in many ways:

1. Our facility will be constructed in such a way as to prevent odor problems in our neighborhood.
2. Exterior lighting will be placed and positioned around the building and the parking lot so as to maximize the safety of the public, customers and employees but not create glare in neighboring businesses.
3. Cannabis will not be visible from outside our building.
4. Caliva will designate an on-site representative who will be at the management level of the company and will be available to city officials for any issue with the facility or its operations. The representative will also be responsible for reporting any violations of state or city law or other issues of concern to city officials immediately.
5. Caliva will routinely maintain the premises including the street front in pristine fashion, removing and disposing of trash and other debris every day and eliminating graffiti within 48 hours.
6. Caliva will have on-site security at all times that the business is in operation.
7. Caliva's facility will improve the security of the immediate surroundings.

## **Operations Plan**

### Introduction

City of Brisbane  
**Business Operations Plan**

This is the written Operations Plan for **NC3 SYSTEMS (dba Caliva)** (hereinafter sometimes referred to as “We”, “Us”, “Our”, “Organization” or “Business”). This plan addresses and meets the requirements of City of Brisbane Municipal Code, Title 17, Chapter 17.33. Caliva plans to comply, as applicable, with all Brisbane laws relative to cannabis.

Our plan for Brisbane is to create a large-scale distribution facility to serve the business-to-business needs of the California cannabis industry along with our non-storefront retail delivery service that will serve cannabis consumers in Brisbane and the surrounding area. Caliva will use its statewide sales force to work with the statewide legal cannabis market to promote the products and services offered from our Brisbane facility.

We currently hold temporary licenses with the State of California for retail, distribution, manufacturing, cultivation and nursery and are in the process of securing permanent licenses for each of those business activities. We are already engaged with the state to be able to achieve our state licensure as soon as we receive our Brisbane City Permits. We believe that Caliva will achieve its desired state rights and can build its desired facility in Brisbane.

Caliva has operated a vertically integrated medical and recreational cannabis facility in San Jose since July of 2015. We were ranked the number #1 dispensary in the United States by Business Insider magazine in October of 2016.

Our current management team has been in place since inception and we continue to expand our leadership. Caliva’s background comes from professional business operations ranging from healthcare, finance and strategic branding. The Chief Compliance Officer Larry Thacker has been leading health care related entities since 1987, many of them with DEA and state Board of Pharmacy licenses.

### **Caliva Distribution**

Caliva is a statewide distributor of cannabis; our Brisbane facility will be a hub for distribution throughout Northern California. Caliva has a large sales force that works in all facets of the cannabis community. We specialize in branded lines of cannabis and manufactured products. In addition, we offer a significant service of providing cannabis oil to other manufacturers to use in their own line of products.

With the help of our statewide sales force we are able to provide Caliva cannabis and manufactured products to all of the legal California cannabis market. Between our internal compliance department and Caliva’s strict regulatory controls, we closely monitor wholesale distribution activity at a state, city and county level. Caliva’s compliance department is responsible for reviewing the accuracy of the information provided and approving all distribution accounts prior to doing business with them.



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After an account and the transaction has taken place, all transactional paperwork is submitted and Caliva's compliance and finance departments audit and reconcile all paperwork and payment. In addition, all distribution records are maintained in electronic and paper format for a minimum of seven (7) years.

Our sales practices are built around compliance to ensure that all business customers meet state regulatory standards. Our customer service is built on compliance controls. We plan to provide our distribution accounts with multiple options to order Caliva products; we will integrate an internal call center and different technology portals to make ordering Caliva products simple, accessible and secure.

Caliva may store cannabis batches on our premises during state testing phases, and we will ensure that all cannabis on our premises has complied with state testing requirements. We further will ensure compliance with labeling and packing requirements, among other things, as required by state and local law.

Caliva will meet the minimum security and transportation requirements for the commercial delivery and distribution of cannabis and cannabis products as set forth by the state; this includes, but is not limited to, standards governing the types of vehicles in which cannabis products may be distributed and delivered and minimum qualifications for persons eligible to operate such vehicles. The driver of the vehicle that will be transporting cannabis or cannabis products will be employed by Caliva.

Caliva will consider accepting the following types of wholesale distribution accounts from lawful cannabis businesses:

- Retailers (delivery-only and storefront dispensaries included)
- Cultivators
- Manufacturers
- Wholesale Distributors

Prior to engaging in delivery or distribution with any third-party licensed commercial cannabis businesses, Caliva will ensure that the third-party cannabis business possesses a state license and is operating and licensed in a municipality that has permitted commercial cannabis businesses within their jurisdiction; Caliva will not engage in business with any cannabis businesses that are operating illegally in a municipality.

A Caliva sales employee will obtain the commercial cannabis businesses operational and regulatory paperwork including, but not limited to, a valid BOE Seller's permit number as verified by CDTFA's website, a California resale certificate issued to Caliva, a state cannabis permit and any other paperwork as required by state law.

Prior to transporting cannabis or cannabis products, Caliva will do both of the following:



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1. Complete an electronic shipping manifest as prescribed by the licensing authority. The shipping manifest will include the unique identifier issued by the Department of Food and Agriculture for the original cannabis product;
2. Securely transmit the manifest to the bureau and the licensee that will receive the cannabis product.

During transportation, Caliva will maintain a physical copy of the shipping manifest, along with all internal paperwork, and make it available upon request to the Department of Consumer Affairs and any law enforcement officers.

All containers holding cannabis goods are to be of a design that is in compliance with state and local laws. All containers holding cannabis goods must receive the plant's unique identifier and barcode that allows the item to be followed in the track and trace system.

Packaged cannabis content information is to be labeled only with measures derived from a qualified state testing lab; labeled cannabinoid and other analyte values are to reflect exactly the values delineated in the batch Certificate of Analysis (COA).

Once the COA is received, Caliva will ensure that the packaging is tamper evident and the label reflects the results of the COA.

### **Caliva Non-Storefront Delivery**

Caliva will operate non-storefront delivery, delivering cannabis and cannabis products to qualifying customers in Brisbane and other cities or counties, as allowed under state and local law.

The key objectives for our delivery operation are to:

- Promote the betterment of and enhance the development of physical, mental, and emotional fitness of our consumers;
- Find solutions for, share knowledge of, and furnish assistance for the health problems of our consumers, and acquire the skills necessary to administer cannabis to qualified persons, as lawfully permitted under the laws of the State of California and the City of Brisbane;
- Facilitate and/or coordinate the distribution of cannabis as lawfully permitted under the laws of the State of California;
- Provide safe and legal access to cannabis for all qualified persons;
- Reduce the barriers and improve access to cannabis and its potential therapeutic benefits.

Caliva will not employ or allow any persons under the age of 21 to be allowed to serve as a delivery driver. Drivers will be restricted on the amount of cash, or change, that they will be

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allowed to carry on their persons; at no time will any delivery driver carry more than \$200 in cash while engaged in the service of delivering cannabis or cannabis products.

We want our customers to feel safe, secure and protected. We will expect our delivery drivers to maintain agreed-upon aesthetics and etiquette:

- Absolutely no medicating while driving or otherwise engaged in duties;
- Set accurate expectations with the customer;
- Always touch base with customers through SMS or phone calls;
- Lateness happens. When it does, there shall be no speeding or running stop signs or red lights;
- Be discreet and professional;
- Never ask a customer to get into car - instead we will deliver to their door;
- We will always confirm the identity of the customer by checking ID;
- We will not accept tipping;
- Be courteous, thank the customer and be on the way. Keep chit-chat to a minimum; and
- Follow local regulations. We understand that local laws can be different city to city and we intend to respect those different municipalities regulations.

All delivery vehicles will be discrete with no advertisements for Caliva or cannabis. The vehicles will be equipped with the following:

1. Video surveillance camera with SD cards, the camera will be angled in a way that enables us to view the driver and their immediate surroundings;
2. A secure container with a padlock and cable that is affixed to the vehicle; and
3. GPS tracking unit - this will be separate from the driver's cellular phone and will remain in the vehicle at all times while the vehicle is engaged in delivering cannabis or cannabis products.

All product will go through a quality control check before being placed in a Caliva branded child-resistant bag prior to leaving the facility. Each order will be accompanied by a receipt and transport manifest. The delivery drivers will keep a Delivery Manifest and Log detailing each order delivered; details will include date, receipt number, time of departure, and estimated time of arrival. The customer's signature is required at the time of delivery.

We will have a system in place that ensures no driver is transporting more than \$10,000 worth of product at any given time.

Upon the driver's return to Caliva, they will immediately turn in the following items to a designated manager: Transport Manifest, payments, SD card, and delivery logs.

At the end of each delivery driver's shift, all inventory and cash will be reconciled.

### Implementation Strategy

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Caliva's delivery service will provide access in a way that makes quality cannabis available. This complex commitment dictates the features of our implementation strategy:

- Consumer-centered care;
- A skilled and knowledgeable staff;
- Product variety;
- Quality control; and
- Community outreach.

#### Hours of Operation

Deliveries, pick-ups and distribution will operate within the ordinance-prescribed hours of 8:00 am to 7:00 pm.

#### Restrooms

Restrooms will not be available for public use as we will be closed to the general public. They will be available only to employees who are already allowed in secure areas.

#### Rules and Regulations

The dispensary has adopted a set of Rule and Regulations for operations. See appendix.

#### Customers

The crucial element of our Consumer-Centered Care approach will be communicating with our customers in terms they are comfortable with. This requires that our staff be well trained, comfortable with diversity, and competent to interact appropriately with individuals from different backgrounds and different levels of "medical literacy." As a "socio-culturally competent" business, Caliva will educate and empower its consumers so that they share responsibility for their own healthcare decision-making and healthy lifestyle choices.

#### Our Consumer-Focused Delivery Service Will Provide:

- Respect for consumers' values and expressed needs;
- Socio-cultural competent staff;
- Emphasis on consumer comfort and support; and
- Community outreach and collaboration.

Our staff and operations will prioritize, lawfully, the safe and careful implementation of the cannabis laws of the State of California, including but not limited to, the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA), and the ordinances of the City of Brisbane as well as further regulate the safe and lawful distribution of cannabis to all customers, in a manner consistent with all applicable laws.

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Our staff, facility, and operations will maintain a holistic focus. We will seek to identify underlying factors that broadly influence quality of life, with emphasis falling on pain management, avoiding unhealthy behaviors, lifestyle change, improving physical conditioning, adopting better nutritional practices, reducing stress, and taking advantage of the profound mental health benefits that consumers can derive from interpersonal support such as counseling, support groups, and community activities with those suffering from similar conditions.

It is crucial to our implementation strategy that we are not simply a cannabis delivery service. Our focus is on overall health and wellness.

### Variety of Products

Different strains of cannabis have different therapeutic and palliative effects, some offering relief from a given condition more than others. Furthermore, patients with serious medical conditions, such as those with a wasting syndrome or undergoing chemotherapy for cancer, can have very specific tolerances, intolerances, and idiopathic reactions to medication. To offer patients customized and scientifically precise treatment options, it is critical that we provide as wide a variety of products, including strains of medical cannabis and as great a variety of delivery methods as possible.

### **Products**

All cannabis and cannabis products will be received from Caliva's own manufacturing or cultivation licenses in San Jose, or from a licensed third-party distributor.

#### *Dried Cannabis: Sativa, Indica, and Hybrids*

The effectiveness of cannabis is directly related to strain selection. Therefore, we will recommend care be taken in selecting appropriate strains to meet consumer needs. Consumers will be encouraged to use vaporizers or ingest cannabis medicine to reduce any potential risks from smoking.

#### *Edibles*

We plan to offer several different edible product lines to cater to the various medical, nutritional, financial and taste needs of our customers. Infusing cannabis into foods is a long-practiced and very effective method to use cannabis as medicine. However, careful dosing is important. Edibles can be used as effectively as smoking or vaporizing.

#### *Concentrates*

This line will ensure consumers have a variety of consumption methods that suit each person's needs and lifestyle. Our line is designed to provide high levels of cannabinoids in a readily accessible form, which provides instant relief for serious conditions. This line will be produced without chemical extraction.

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*Medicinals*

This line is designed to conveniently access the palliative as well as curative properties of cannabis. Each different delivery method of ingestion is targeted to treat specific diseases; for example, capsules and tonics have the potency to provide curative treatment, while the oral spray and chewing gum are designed for immediate palliative treatment of pain or spasticity.

*Topicals*

This line is designed to provide topical applications of cannabis for customers with arthritis or injuries. Topicals have an analgesic and anti-inflammatory effect to reduce or eliminate pain.

Product Handling

Caliva has a strict Bio-Security program to minimize sources of human contamination. All employees that are actively in contact with cannabis are subject to strict protocols on uniform, hygiene and sanitization protocols; visitors are also required to comply with hygiene and sanitization protocols. Caliva's Bio-Security protocols help ensure that all cannabis goods are free of human contamination.

Skilled and Knowledgeable Staff

Without a skilled and knowledgeable staff, our product diversity and consumer-centered care approach would be of little benefit to most customers. A crucial feature of our strategy is the training that our staff will undergo to be able to advise members on such things as the specific effects and side effects of various strains or delivery methods and their benefits for specific medical conditions.

Providing customers with types of information they cannot obtain in traditional health care settings conforms with our general strategy of offering something that does not replace traditional health care, but complements it by providing something critically lacking in it.

The need for complementary care is particularly evident in the case of medical cannabis because physicians typically recommend only that the patient use it, without specifying the strain or delivery form. This creates a patient information deficit and education needs that our approach is designed to address. Because many businesses do not take this need seriously enough, our educational approach will quickly distinguish our "brand."

Customer Compliance and Tracking

All customers using our delivery service must be natural, adult individuals, twenty-one (21) years of age or older, with the exception of qualified persons eighteen (18) years of age or older, who possess a valid medical cannabis use identification card issued by their county of residence under the authority of the California Department of Public Health.

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Caliva will track its customers and their purchases to ensure that no customer exceeds the daily purchase limits as set by the Bureau of Cannabis Control. We will track the total number of customers who order from our delivery service, the frequency of their orders, and the number, quantity, and type of products sold and on hand for sale. This will allow us to document, for the purposes of regulatory compliance, that the aggregate amount of cannabis in our facility does not exceed allowable cannabis limits.

We will also keep accurate records of all transactions, whether cash or otherwise.

Finally, Caliva will track medical use customers' monthly cumulative buy amounts to ensure that patients do not exceed the amounts recommended by their physicians and to monitor for patterns suggestive of diversion or abuse.

All books, records, and accounts will be maintained to comply with applicable laws and regulations.

#### Patient Confidentiality

Nothing herein is intended to require the disclosure of any customer's private medical records.

Nothing herein is intended to require, to the extent required by law, disclosures and customer record-keeping in violation of the dispensary's, or any patient's, right of privacy as recognized by the California and United States Constitutions. To the extent required by law, customer record-keeping will be HIPAA-compliant.

#### Facility Access

Facility Access will be controlled as set forth in the Security Plan submitted herewith.

### **Caliva Manufacturing**

Caliva has an extensive science division that is dedicated to the investigation and formulation of wellness products. Under the leadership of PhD's in food science, formulations, chemistry and extraction, Caliva's other facilities produce much of the raw materials we use in our consumer packaged goods.

Caliva is currently finalizing plans for our manufacturing space. We plan on producing crude and purified cannabis resins from cannabis plant material using processes that are well known to the industry, namely supercritical CO<sub>2</sub> extraction, winterization, solvent recovery, and molecular distillation. In addition, oils obtained from our other facilities may also be refined using combinations of these processes.

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We may also manufacture, package and distribute other cannabis concentrate products including extracts, capsules, tinctures, vape cartridges and topicals. We may also add an industrial grade kitchen in order to produce certain beverages and edible products. Manufacturing of all cannabis products will be conducted in accordance with state law and in compliance with applicable botanical product, cosmetic and food production manufacturing norms.

Caliva uses state approved track and trace software that records every single product from seed to sale. All transactions are transparent to the state through track and trace. All Inventory of both finished goods and raw materials are visible to the state in real-time.

### Manufacturing Facility

Caliva plans to build a manufacturing suite covering ca. 800 sf of usable space, which will contain the following equipment and functionality organized as follows: (i) a 20 L supercritical CO<sub>2</sub> extractor for transforming cannabis plant material into crude cannabis concentrate; (ii) a non-pressurized 30 L glass reactor for dissolving the crude cannabis concentrate in ethanol or another Class IB solvent and for conducting winterization; (iii) a 25 kg capacity filter centrifuge for filtering the winterized material; (iv) a 20 L rotary evaporator for removal of the solvent from the supernatant, and; (v) a 2 L wiped-film molecular distillation unit for finish refining.

The manufacturing equipment will be selected as per process and state certification requirements and sited and qualified in accordance with manufacturers recommendations and local code. Health and safety concerns will be addressed with the FD, vis-à-vis the development of SOPs and the operation of equipment, and the use, storage and disposal of solvents within F occupancy limits.

Raw materials that enter the manufacturing and production streams will have all undergone Caliva Labs' quality control testing in our San Jose facility, and each batch will be associated with a Quality Control Report. Depending on manufacturing specs and test results, batches of material will be allocated to the proper manufacturing SKU. Once raw materials have been processed into cannabis resin, each manufacturing batch will undergo internal quality control testing and batches meeting Caliva's Standards will be transferred to the production department onsite or to other Caliva sites for use in manufactured cannabis products.

### Manufacturing Practices

Caliva is committed to operating a manufacturing facility to Good Laboratory and Good Manufacturing Practices standards.

- **Containment:** All manufacturing processes will be designed, sited and operated to enable containment with regard to the control of raw materials, in-process materials, spent raw materials, waste products, and solvents/chemicals used in or resulting from processing operations. Ventilation (air exchanges), equipment containment (fume

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hoods and fume exhaust trunks) and spill controls will be employed to ensure compliance to GLP, GMP, manufacturers recommendations and FD code.

- Health and Safety: All applicable OSH measures will be taken to ensure a safe and hazard-free environment. This will include the containment measures discussed above, developing SOPs for equipment operation and maintenance and emergency situations, air quality monitoring, and conducting site-wide reviews of OSH compliance.
- Disease control: All employees will be monitored for signs of medical conditions that pose a reasonable threat of contamination and will be removed from manufacturing until the condition is corrected. Manufacturing processes will control as necessary to minimize the growth of undesirable microorganisms.
- Cleanliness: Hygiene practices will be followed in order to ensure that contamination or contact with allergens does not affect the products. All non-manufacturing activities such as eating and drinking will not be allowed in the space where manufacturing occurs. Caliva's practices extend to the grounds, which will be controlled regularly to ensure there is no exposure to conditions that could contaminate the product.
- Sanitation: Manufacturing spaces and packaging and labeling spaces, equipment, fixtures and utensils will be regularly sanitized. All employees will be trained in quality control and hygiene practices.

The design of the manufacturing portion of the Brisbane facility will comply with the following objectives:

- Adequate space, including buffer zones and aisle space, for all activities.
- Physical separation of discrete activities: edible manufacturing, non-edible manufacturing, storage, packaging and labeling, hand washing, waste disposal, break rooms and lockers, restrooms, and offices.
- Kitchen and other equipment as well as walls, surfaces and floors that are easily cleaned, sanitized and repaired.
- Adequate containment and ventilation to minimize exposure to raw materials, in-process products and solvents used in manufacturing, and to mitigate dust and odors, in order to ensure workplace health and safety and prevent contamination.
- Continual monitoring to protect against and/or eliminate pests.

## Odor Management

### Introduction

The proposed storage and distribution of cannabis would have minimum impact to the neighborhood or environment from odor pollution. An evaluation has been made of the possible odors that could be emitted to the atmosphere. Mitigation measures have been incorporated into the planning, design of the facility.

### Odor Scrubbing and Air Treatment



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All areas of the facility are defined as “odorous” or “non-odorous.” Odorous areas are any space that contains odorous cannabis, including packaging rooms, secure storage, etc. Non-odorous areas include the offices, conference rooms, access corridors, clean warehouse areas, etc. Any cannabis products in non-odorous areas must be kept in sealed, odor-proof packaging.

Some of the steps taken are:

- All “Odorous Areas” inside the building will be treated by “Odor Scrubbers”, including circulation fans, carbon filters, air transfer and pressurization design, etc. to reduce odors inside the buildings.
- All air exhaust from “Odorous Area” will be treated by “Odor Scrubbers” before being released to the atmosphere.
- Indoor air quality (IAQ) will be designed to meet or exceed all California Title-24 requirements and all ASHRAE recommendations for outside air ventilation in all occupied areas.
- Occupied spaces such as administration area, offices, meeting rooms, etc., will be heated and cooled for comfort.
- Processing and manufacturing areas will be heated and cooled for the process loads encountered, including heat from lights and equipment, dehumidification, envelope loads, etc.
- Process areas such as Packaging will be heated and cooled for both the process loads and occupant comfort.

The facility’s ventilation system will have carbon filters installed in all odorous areas to mitigate all cannabis related odors.

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**40 cm 16" (Activated Carbon Air Filters)**

**Can 150**

**Recommended Exhaust CFM:** 1260 CFM / 2100m<sup>3</sup>/h @ 0.1 sec contact time

**Prefilter:** Yes

**Flange:** 10" - 12" - 14"

**Dimensions:** (with pre-filter)

- Outside Diameter: 42cm / 16.5"
- Height: 150cm / 60"

**Total Weight:** 71kg / 156lbs

**Carbon Weight:** 56kg / 123lbs

**Carbon Bed Depth:** 6.5cm / 2.56"

**Max Operating Temp:** 80°C

**Pressure drop at max CFM:** 180pa / .75"wg

**Recommended Fan:**

FAN	Filtered Air CFM	Watts
16" MaxFan	1410	322
14" MaxFan	1230	250
12" MaxFan	1440	480
12" CanFan HO	888	290
10" MaxFan	907	227



The Original  
**Can-Filters**  
L'authentique

Can-Filters

**Can 125**

**Recommended Exhaust CFM:** 1020 CFM / 1700m<sup>3</sup>/h @ 0.1 sec contact time

**Prefilter:** Yes

**Flange:** 8" - 10" - 12" - 14"

**Dimensions:** (with pre-filter)

- Outside Diameter: 42cm / 16.5"
- Height: 125cm / 49.2"

**Weight:** 58.6kg / 129lbs.

**Carbon Weight:** 48.6kg / 103lbs.

**Carbon Bed Depth:** 6.5cm / 2.56"

**Max Operating Temp:** 80°C

**Pressure drop at max CFM:** 180pa / .75"wg

**Recommended Fan:**

FAN	Filtered Air CFM	Watts
14" MaxFan	1120	248
12" MaxFan	1340	487
12" CanFan HO	862	300
10" MaxFan	879	227
10" CanFan HO	670	260
8" MaxFan	598	166



Liaising with the Community and Local Agencies

Neighbors in close proximity to our facilities will be provided the contact information of one or more of our staff whom they can notify day or night in case there is a problem impacting them or that they feel may impact them. We will periodically reach out to our neighbors to ensure that there are no unreported problems of any sort.

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We will maintain an incident log for a period of not less than two (2) years with reports of any reported incident.

Innovation / Research and Design

Having already established a sustainable agenda, we will continue to explore innovative thinking as we use and expand Caliva's operations.

**Management and On-Site Designated Representatives**

Responsibility of Managers

Managers are those individuals who are employed by Caliva and who, directly or indirectly, are engaged in the management of the facility as may be evidenced by the individual member designated as responsible for the establishment, organization, registration, supervision, or oversight of the operations of the facility and its employees. Oversight may be provided by but not be limited to the following: President, Vice President, Board Member, Director, or Owner.

On-Site Designated Representatives

Caliva will have one or more Managers designated as an on-site representative who will be present during all hours of operations. The On-Site Designated Representative will meet the following minimum requirements:

1. Will be a manager for Caliva;
2. Comply with all applicable laws;
3. Carry on his or her person, at all times when he or she is functioning as the On-Site Designated Representative, a valid current government-issued photo identification card or driver's license;
4. Upon request by the Public Safety Director or any other City official charged with enforcing the provisions of BMC, produce such photo identification or driver's license for inspection;
5. Be available at the telephone number identified as the on-site landline telephone number for the facility;
6. Cooperate fully with the Public Safety Director or any other City official charged with enforcing the provisions of the BMC with any inquiry, inspection, request, or investigation necessary or appropriate to implement the requirements of the BMC or to enforce any other State or local law;
7. Immediately report to the City any violations of State or local law or conditions which the On-Site Designated Representative knows, or reasonably should know, exist on the cannabis business and at the cannabis business and could result or have resulted in harm or an imminent threat of harm to the health, safety, or general welfare of any person or member of the public; and

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8. Immediately report to the City and the County Health Department, any information indicating that a consumer experienced an adverse reaction to, or other difficulty related to, any cannabis procured from our facility.

## **Water Infrastructure**

Caliva will be utilizing the City of Brisbane's commercial water and sewer services. We will work with the City of Brisbane Finance Department to register for water services. Based off of the number of full time employees and the number of toilets and sinks, we anticipate that we will use approximately 180 gallons of water per day.

## **Organizational Compliance**

### Introduction

In organizing Caliva, two of our primary organizational objectives have been to prevent cannabis diversions and to comply with all applicable state and local laws. To maintain ongoing lawful operation, Caliva will:

- Acquire, possess, distribute and sell only lawfully cultivated and manufactured cannabis;
- Investigate and ascertain regulatory compliance by all third-party cannabis businesses with which Caliva contracts;
- Comply with permissible reimbursements and allocations requirements.
- Provide comprehensive security to ensure employee safety and prevent the negative impact of any nuisance to surrounding businesses as well as the broader Brisbane community;
- Comply with possession guidelines;
- Keep accurate records in electronic format that is available to the City; and
- Obtain necessary business licenses/permits and pay required local and state taxes.

### Security

A comprehensive security plan has been submitted to the Brisbane Police Department in order to ensure its confidentiality. However, two security policies related to our operational plan are summarized below.

#### *Preventing Theft & Diversion*

To prevent diversions of medical and recreational cannabis we will take the following measures:

- Any personnel that are involved in theft or diversion will be terminated;
- Any personnel that are aware of a theft or diversion will be required to report the incident to Management;

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- All cannabis and manufactured cannabis products will be accessible only to authorized persons;
- All potential vendors for Caliva will be investigated to ensure their compliance with state and local laws before Caliva will engage in any business with them;
- Caliva will ensure that all business-to-business deliveries are made to the legitimate representative of a contracted third-party vendor;
- Caliva will ensure that all consumer deliveries are made to a qualified customer residing in a community that does not expressly prohibit cannabis deliveries;
- All cannabis products will be tracked from seed to sale as required by state law and all records will be kept in electronic format and accessible to the City at any time;
- Caliva will employ an inventory control system that complies with state and local law.

#### *Employee Background Checks*

Caliva will require all employees and volunteers to undergo a criminal background check prior to performing any work or engaging in any duties on behalf of Caliva. The background check will determine whether the applicant has been convicted of a crime or left a previous employer for reasons that show the applicant:

- a. Is dishonest; or
- b. Has committed a felony or misdemeanor involving fraud, deceit, embezzlement; or
- c. Was convicted of a violent felony, a crime of moral turpitude; or
- d. Engaged in the illegal use, possession, transportation, distribution or similar activities related to controlled substances, except for medical cannabis related offences for which the conviction occurred after the passage of the Compassionate Use Act of 1996.

Discovery of these facts showing that the applicant is dishonest or has been convicted of those types of crimes are grounds for denial of employment.

Caliva employees will be issued an ID card, which will be worn at approximately chest level in a prominent and visible location. Employees will be expected to maintain the ID card as to keep it in good, readable conditions at all times.

All background checks will be valid for a twelve (12) month period and will be renewed annually.

#### Preventing On-Site Consumption

Caliva will not permit the consumption of cannabis, alcohol or any other controlled substance at the facility in any form. Employees, vendors and visitors will be advised of our on-site consumption policy.

To reinforce our on-site consumption policy, we will not allow any paraphernalia used for the ingestion of any type of controlled substances, including cannabis, on the premises.

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Signage and Notices

Exterior business signage will conform to the requirements set forth by the City of Brisbane and shall be limited to that needed for identification, safety, egress, and ingress purposes only. Signage will be designed in an effort to not advertise cannabis in either text or image.

Each entrance shall be visibly posted with a clear and legible notice stating that smoking, ingesting, or otherwise consuming cannabis on the premises or in the areas adjacent to the business is prohibited and that persons under the age of twenty-one (21) are not permitted to enter upon the premises. Signage will also include an appropriate Proposition 65 warning.

Tax Compliance and Accounting

Caliva will comply with local, state, and federal tax requirements. We are well aware of the unique federal tax implications for cannabis businesses and have consulted with appropriate professionals to ensure full compliance with the Internal Revenue Service's treatment of medical cannabis.

Financial Reporting and Fiscal Audit

Caliva prepares and presents detailed financial statements on a monthly basis, inclusive of a Generally Accepted Accounting Principles (GAAP) compliant Income Statement, Balance Sheet, and Cash Flow Statement. These books and records detailing revenues and expenses, inclusive of taxes paid and/or owed, are available to the City in electronic format using cloud-based accounting software. Further, printed copies are maintained at the corporate offices. These reports will include all sales data, including taxes paid, as well as other financial data required by the City of Brisbane.

Caliva closes monthly financials within three weeks of the last day of the calendar month. The summary records are reviewed monthly by the executive management team. Caliva maintains financial statements prepared using consistently applied GAAP guidance, which comply with relevant statutory requirements and regulations, with adequate disclosure of all material matters relevant to the proper presentation of the financial information subject to statutory requirements, where applicable, with proper determination and disclosure of any changes in accounting principles or in the method of their application and the effects thereof.

On an annual basis, Caliva engages an independent certified public accounting firm to conduct an audit of the financial statements in accordance with the business operations. The auditor provides an audit opinion, in compliance with AICPA standards, to provide reasonable assurance that the financial statements are presented fairly, in all material respects in accordance with US GAAP. Caliva provides a copy of the completed audit to all relevant and required regulatory bodies, as applicable, including the City of Brisbane.

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Insurance

Caliva will obtain the required commitments necessary for insurance coverage, including general aggregate, products complete operations, personal and advertising injury, per occurrence, worker's compensation and medical payment coverage.

City Business License

Prior to commencing operations, Caliva will obtain a City of Brisbane business license.

Property Maintenance

We will keep the premises and location in a clean and safe condition by, at a minimum, performing all of the following tasks:

- a. Properly remove and store all trash, litter, rubbish and debris on the premises and location at the end of each business day;
- b. Properly dispose of all trash, litter, rubbish and debris from the premises and location;
- c. Remove graffiti placed upon the premises and location within forty-eight hours of its occurrence;
- d. Keep driveways, sidewalks, park strips, fire access roads and streets on or adjacent to the premises and location clear and clean;
- e. Provide lighting on the premises and location to ensure the safety of the public and the employees of the dispensary; and
- f. Otherwise operate in a manner that does not create or result in any significant adverse impacts upon its premise or any areas adjacent to the premises.

Performance Standards

In addition to the performance standards below that Caliva has set for itself consistent with a variety of state and local laws, Caliva will also abide by Brisbane municipal standards for Crocker Park and for cannabis businesses. Most of the standards are acknowledged throughout this narrative attendant to the subject for which they are most relevant. However, additionally, Caliva will ensure that:

- The operations of Caliva will occur completely within our building except for those exterior activities that will result from the Police Department's requirement of an exterior truck trap for product shipments and deliveries.
- Caliva will maintain the property trash and debris-free and will maintain trash receptacles away from public view.
- Although not an anticipated issue at this point, Caliva is committed to mitigating any sound emissions that might be distinctly detectable from any off-site location.
- Lighting shall be maintained to prevent excessive glare from off-site locations.

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- Brisbane Police Department shall be notified if there is any change in ownership or a replacement of existing or hiring of new managerial staff.

The facility will not conduct operations in a manner that creates or results in a public nuisance on the premises and location or within three hundred (300) feet of the premises and location, including but not limited to:

1. Disturbance of the peace;
2. Illegal drug activity;
3. Public drunkenness;
4. Drinking in public;
5. Gambling;
6. Prostitution;
7. Sale of stolen goods;
8. Public urination
9. Theft;
10. Assault;
11. Battery; or
12. Acts of vandalism.

### **Regulatory Compliance**

The word compliance is derived from the verb “to comply,” which means, “to act in accordance with the rules.” The primary reason all industries, from utilities to financial services and including commercial cannabis businesses, are regulated is to protect the consumer. There are intrinsic benefits to compliance beyond avoiding fines and penalties, including improved communications and overall transparent business practices.

Caliva fully recognizes that commercial cannabis businesses further benefit from compliance initiatives in various ways. Most importantly, these initiatives can help Caliva avoid situations or actions that could result in criminal penalties or license revocations. Compliance efforts also promote Caliva’s reputation and good will with state and local regulators. The importance of this benefit cannot be overstated.

Overarching all of this is Caliva’s belief that the success of the state’s emerging legal cannabis industry depends on the success of the industry as a whole in terms of meeting its obligations and performing like any other well-run legitimate business in California.

### **Compliance Program**

Commercial cannabis businesses need to develop strategies for complying with laws and regulations that are tailored to their own particular needs and that address their own particular risks. An effective compliance program ensures that Caliva undertakes the following actions:



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- Identify applicable laws and regulations;
- Assess the possible impact of each law on Caliva's operations;
- Develop and implement policies and procedures specific to Caliva's operations to address legal obligations;
- Document compliance procedures;
- Communicate procedures throughout the company, specifically through training; and
- Designate an individual(s) who has compliance coordination and oversight responsibility.

Identifying and keeping records of all laws and regulations that apply to Caliva's operations will be an ongoing effort, as will be initiatives to develop and train on processes to enhance regulatory compliance.

Caliva's compliance program will integrate external regulations with internal rules and procedures to effectively lay out expectations for employee duties and behaviors; this helps employees to stay focused on Caliva's goals and helps the operations run smoothly. Caliva will focus on upholding policies and procedures that prevent the organization and its employees from breaking laws and regulations.

Ultimately, a fundamental purpose of Caliva's compliance program is to protect the organization. When employees are trained in compliance, they are more likely to recognize and report illegal activity.

#### Caliva Compliance Department Mission Statement

The Caliva Compliance Department is here to do the right thing, in the right way. Our objective is to achieve total compliance with relevant laws, policies, and regulations to set the standard in the industry. We instill a culture of reliability and consistency while promoting ethics and compliance to maintain the stability of the organization, to foster positive beliefs in Caliva's purpose and leadership, and to ensure the sustainability of Caliva.

#### A Culture of Compliance

**Awareness:** An organization cannot be compliant if it doesn't understand and align with regulators' expectations.

**Training and Education:** Ensuring employees are educated on Caliva's internal policies and external regulations is essential. All policies, especially those that discharge Caliva's regulatory obligations, are documented in writing and provided to employees in accordance with their job duties.

**Communication:** The executive team sets the tone at the top by effectively and continuously communicating expectations, policies and procedures that employees are expected to

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understand and practice daily. Management and leadership are transparent about their own behavior by setting a higher standard of ethical conduct that can be filtered down throughout Caliva.

Incident Reporting and Case Management: Ensuring Caliva is able to track and address any misconduct.

The Tone at the Top: The tone at the top is set by all levels of management and has a trickle-down effect on all Caliva employee-members. If the tone set by management upholds honesty, integrity and ethics, employees are more likely to uphold those same values.

### Training and Education

Caliva will ensure that employees are trained on the program's objectives, relevant policies and procedures, and the basic components of the compliance program. This training will be required for all employees, from upper management to delivery drivers.

Additional specialized training will also take place for various policies and procedures that are applicable to specific employees and/or departments who need them to properly perform their jobs.

Training will be tracked, attested to, documented and followed-up.

### Continuous Improvement

Caliva's compliance will be an ongoing process that will heavily focus on continuous improvement towards full regulatory compliance with relevant laws, policies and regulations, in city, county, state and federal jurisdictions.

The program will be monitored by the Caliva Compliance Department who will address any gaps in compliance controls and conduct audits of specific areas to assess compliance, uncover risks or violations, and assess how effective the program is.

Caliva will continually seek direct feedback from regulators to ensure any weaknesses or mistakes in our compliance program are identified and cured swiftly.

### Audits

Audits allow us to hone in on Caliva's strengths and weaknesses to identify areas for improvement. It also gives us an opportunity to reinforce best practices and institute changes in areas that are weak. For any business in a regulated space, including cannabis businesses, regular audits are a must. The information discovered and obtained during audits will be used to improve the program, when necessary, by revising policies, strengthening training, and

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establishing better reporting processes.

### Compliance Audits

The focus of Caliva's compliance audit is to ensure we are compliant with (1) state and local laws and regulations and (2) internal policies and procedures. Some examples of compliance audits are;

- Reviewing employees' I-9s to assure standards are being adhered to;
- Inspecting wholesale account information, documentation and transactions to ensure guidelines are being followed;
- Appraising policies and procedures to ensure they are in alignment and being followed; and
- Tracking and reviewing the effectiveness of the compliance program.

### **Record Keeping**

Caliva shall maintain accurate books and records in an electronic format, detailing all expenses and revenues of the business, and all assets and liabilities.

On an annual basis, at or before the time of the renewal of Caliva's cannabis business permit, or at any time upon reasonable request of the City, Caliva will file a sworn statement detailing the number of sales during the previous twelve-month period, provided on a per-month basis. This statement will include gross sales for each month, and all applicable taxes paid or due to be paid. On an annual basis, Caliva will submit to the City a financial audit of the business's operations conducted by an independent certified public accountant.

Caliva will maintain a current register of the names and contact information of anyone owning or holding an interest in the commercial cannabis business, and separately, all of the officers, managers, employees, agents, volunteers currently employed or otherwise engaged by Caliva. This register will be provided to the City Manager or his/her designees upon reasonable request.

We will maintain a record of all persons and businesses served by Caliva, consistent with state cannabis and privacy laws. These records will be maintained for a minimum of seven (7) years.

Caliva will maintain a track and trace inventory control and reporting system, in accordance with state and local law, that accurately documents the present location, amounts, and descriptions of all cannabis and cannabis products for all stages of retail delivery and distribution processes until delivery or distribution.

Subject to any restrictions under HIPPA regulations, Caliva will allow City of Brisbane officials access to the business's books, records, accounts, together with any other data or documents

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relevant to its permitted activities, for the purpose of conducting an audit or examination. Books, records, accounts, and any other relevant information will be produced no later than twenty-four (24) hours after receipt of the City's request, unless otherwise stipulated by the City. The information will be made available in an electronic format that is compatible with the City's software and hardware.

### **Inspection and Enforcement**

Any City official charged with enforcing the provisions of the Brisbane Municipal Code will be permitted to lawfully enter the facility at any time during the hours of operation, with reasonable prior notice, to inspect the premises as well as to review records related to the business, including but not limited to utility bills.

### **Waste Disposal Plan**

Caliva works with city-preferred waste service providers whenever possible. Caliva will develop and enter into a contract with the city's preferred solid waste recycling company, South San Francisco Scavenger (SSFS), to manage our waste disposal protocols. We are committed to using the city-preferred waste service provider and looks forward to developing a long-term relationship with SSFS.

#### **Office and Warehouse Waste Plan**

Caliva has a good neighbor practice when it comes to its waste practices. We have recycle programs and processes for pulp products and we look for every opportunity internally to recycle where ever possible. Caliva obtains contracts for its waste management services that are typically driven by the municipal's preferred service providers. Caliva will consolidate as much of its waste hauling needs under SSFS as possible.

#### **Green Waste Management Plan**

All plant or extraction green waste produced from Caliva facilities, including but not limited to immature leaves, stems, branches, plants, extracted plant material and/or finished cannabis goods that are deemed not to meet Caliva or state standards are placed in an on-site recycling container located within our production facility. We project less than 250 lbs. of green waste generated at our Brisbane facility each month.

The recycling container is secured within our facility. Caliva's personnel have access to the container from the interior of the building. The container is under constant video surveillance. There is no public access to the container.

All green waste is removed from any type of packaging and then rendered unusable and

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unrecognizable through mechanical processes; The green waste material is then mixed with 50% non-cannabis materials such as used coco mix or similar.

Once full, the hauler is called to remove the container from the premises and to leave a new empty container.

Caliva keeps an internal log of all pickups of the green waste material which includes dates and times of the pick-ups and the weight of the waste being picked-up. The hauler subsequently issues a Certificate of Destruction (“COD”) to Caliva upon receipt of the cannabis waste at the solid waste facility where it will be disposed. The COD is certification that the green waste produced by Caliva is “ground and shipped as compost”; the COD will include the date and time that the waste was disposed of, the weight of the waste disposed and the name of the permitted solid waste landfill or facility where the waste was disposed. All Green Waste Logs and CODs are available for review upon request by the authorized personnel. The Green Waste Log will be maintained by the S.V.P. of Cultivation.

All green waste is accounted for in our Track and Trace software to the UID level.

*Hazardous Waste Management Plan*

Caliva contracts a state licensed hazardous waste recycling company, All Clean Hazardous Waste Removal, to manage our hazardous waste disposal protocols.

All Clean Hazardous Waste Removal  
21 Great Oaks Blvd, San Jose, CA 95119  
Primary contact: Tim White  
408-363-3678

All hazardous waste produced from the Caliva facility is placed in an on-site waste drum barrel that is located and stored in secured, compliant areas within our facility. Drums containing solvent and cannabis plant waste are stored in the control room. We project no more than 55 gallons of manufacturing waste each month. In addition, we will maintain one 55-gallon open top drum on site for non-infectious analytical sharps and one for used broken down mason jars with cannabis residue.

All drums with cannabis waste are kept behind locked doors and under camera until the waste barrels are full and the disposal company All Clean arrives to dispose. The recycling company removes the drum barrel from the premises and leaves a new empty drum barrel. No cannabis product is disposed of in its packaging and all cannabis products shall be made unrecognizable and unusable prior to disposal.

Caliva keeps an internal log of all pickups of the waste material which includes dates and weights of the waste and the recycling company then issues a Certificate of Destruction (COD)

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to Caliva. The COD will include the date and time that the waste was disposed of and the permitted solid waste landfill or facility where the waste was disposed. All Waste Logs and CODs are available for review upon request from the authorized city and state personnel.

Caliva will maintain records regarding cannabis waste. All waste will be entered into the Track-and-Trace system.

*COA Failed CPG Products for Destruction*

CPG products that have failed the state COA testing are stored in a locked “Failed COA Quarantine for Destruction” cage in the packaging department. Once all items associated with the failed COA test have been grouped together, removed from the packaging, rendered unusable and unidentifiable and placed in supplied vessels (provided by All Clean) a Request for Destruction (RFD) form is generated by Manufacturing (MFG).

Once the Request for Destruction document has been signed by the department manager, MFG schedules the delivery of the quarantined items to the “COA Failed Approved for Destruction” cage located outside the lab.

Environmental Health and Safety (EH&S) coordinator accepts the vessels for destruction. The containers are placed in the Approved for Destruction cage and a tamper evident seal is added. The EH&S coordinator then signs the RFD and the document is filed.

EH&S coordinates the pickup and destruction with All Clean. All Clean is scheduled for a hazardous waste pickup every Friday.

All Clean picks up failed batches and provides EH&S with a Hazardous Waste Manifest. The manifest contains the type and volume of waste being picked up, where it is being taken for disposal and the method of disposal.

All Clean delivers failed batches for destruction to Safe Harbor. Safe Harbor incinerates the product and provides All Clean with a Certificate of Destruction.

All Clean sends Certificate of Destruction to EH&S. EH&S compiles all physical documents and delivers to Facilities Management (FM).

FM works with compliance team to report to the department.

*Please note that both All Clean and Safe Harbor are legally allowed to store hazardous waste at their facility for 10 days per California law. Both companies do this in order to accumulate enough waste to warrant a disposal. It can take up to 20 days from the time of pickup to when we receive the final Proof of Destruction document.*

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## **Community Benefits**

Caliva seeks to be an integral part of the City of Brisbane: a partner, an asset and a beneficial resource for the City and its residents. As a good neighbor, Caliva will maintain an ongoing engagement and dialogue with City residents, neighborhood and community leaders and elected and appointed officials.

Our community outreach has four goals: (i) to affirmatively engage so that the community can express itself regarding Caliva; (ii) to educate the community about medical cannabis issues broadly and inform the community about Caliva activities; (iii) to give back to the community in ways that genuinely reflect the community's needs; (iv) to be an economic engine for the City.

### Community Engagement

A community relations representative will be appointed and connected to the community through regular engagement with prominent community groups and City leaders; contact information for that representative will be made available to City staff. The representative will be available to address and mitigate any potential problems associated with Caliva. The representative will also be available to meet with the City Manager or his/her designee, as well as other City officials, as necessary or requested, to discuss the development of Caliva as well as ongoing issues and challenges affecting the City.

Community outreach programs will be established to educate the public about Caliva, the benefits of medicinal cannabis and broader cannabis business practices. Outreach will be developed further to focus on the risks associated with youth addiction to cannabis and will identify and link to drug addiction resources and programs available to local youth.

Additionally, for greater security, Caliva will designate a security representative to the City of Brisbane who will be available to meet with the Public Safety Director on a regular basis regarding any public safety issues that may arise. Please see the Security Plan for further details.

### Community Support

We are passionate advocates for community outreach and activism in areas of need that reflect the local community. In our hometown of San Jose, we have worked with community leaders to learn how best to give back to the people. This has led to active involvement in local healthcare expositions, street cleanup and beach cleanup. Caliva has also made financial contributions to local nonprofit health clinics as well as efforts to protect neighborhoods from the encroachment of illegal cannabis sales.

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Caliva is committed to bringing that same sense of financial philanthropy and volunteerism to Brisbane. We will engage with our neighbors and city leaders to determine valuable targets before embarking on a giving and volunteerism program.

Economic Engine

Caliva will offer a variety of job opportunities. While a large segment of our workforce will be delivery employees, we will also offer jobs in management, front office/ administration, quality assurance, security and computer/data tracking. Our distribution business will also need warehouse workers and drivers.

Caliva will be seeking honest, hardworking and passionate candidates to join the team and grow with us as we strive to become one of the state's biggest and best businesses. In order to achieve our vision, Caliva aims to have the highest quality staff in the industry. We will look for individuals who will work with the utmost level of professionalism and customer service. Caliva intends to hire at least 80% of our workforce from Brisbane and neighboring communities.

All employees additionally will have to be at least 21 years of age and pass the criminal history background check.

Caliva will provide to all employees copies of relevant policies and procedures. The policies will map a variety of employment related issues. Our employment agreement also will include but not be limited to:

- A wage and salary schedule for all job classifications.
- A comprehensive benefits package that includes employer paid health and dental insurance.
- A continuing education commitment that includes Caliva covering the cost to earn an associates degree at a community college or a comparable compensation toward the cost of attending a state university.

Caliva will be more than an employer of local residents who will have good-paying jobs with comprehensive benefits once the facility is fully developed. We will also have a substantial indirect impact on the Brisbane economy.

The design, development and construction of the Caliva facility will require a capital investment into the local community. Caliva plans to partner with local firms so that capital dollars are invested directly into the local economy.

Caliva also will have an induced effect on the Brisbane economy by increasing the number of citizens with good wages who will in turn be able to improve their household spending patterns (in grocery stores, restaurants, entertainment, housing, etc.) and fuel further local economic activity.



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### **Enhanced Product Safety**

It is important to note that Caliva ensures enhanced consumer safety through extensive laboratory testing, strict quality control (QC) processes, and leverages proprietary technology that is accessible to Caliva through its focused research and development (R&D) partnerships.

While not relevant to our Brisbane operations, Caliva has invested heavily in analytical testing equipment to enable testing at multiple phases of cultivation, manufacturing, and production, ensuring that contaminants are quickly identified and addressed. Caliva's cultivation, manufacturing, and production departments, based outside the City of Brisbane, operate under strict quality control processes that create multiple checkpoints for identifying environmental contaminations and filtering out defective goods.

Along with its own internal R&D Department, Caliva actively works with technology forward companies to engineer solutions that address product contamination, pest management, and plant health. Utilizing laboratory testing, QC processes, and proprietary technology, Caliva ensures that all of its cannabis products are free of pests, microbial pathogens, toxins, pesticides, and other harmful contaminants as identified by State and local law.

### **Laboratory Quality Assurance & Testing**

As a state-licensed distributor of cannabis and cannabis products, we are responsible for facilitating the mandatory testing of these products by state-licensed laboratories and only distributing product that receives a Certificate of Analysis from a lab. However, as an added layer of quality assurance, Caliva Labs serves as an embedded resource for the quality control testing needs of Caliva's cultivation, manufacturing, and production departments. Immediate access to analytical testing allows Caliva to be agile, efficient, and proactive in the quality control testing of its cannabis-based goods. Caliva Labs, which is based in San Jose, actively seeks to hire qualified personnel with strong technical backgrounds that are then properly trained in the sampling, instrumentation, and evaluation of analytical testing techniques. All Caliva cultivated and manufactured products undergo multiple rounds of analytical testing to ensure that all consumer goods are free of pests, microbial pathogens, toxins, pesticides, and other harmful contaminants.

Directly related to our state responsibilities in our Brisbane distribution center, all third-party vendor products undergo quarantine and testing to ensure that all retailed consumer goods meet not only the state's testing standards but Caliva's as well.

This strict approach to Quality Assurance of all manufactured and distributed products ensures that Caliva can provide the highest level of consumer safety in the state. All of Caliva's products

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that it distributes are 100% laboratory tested by a state licensed Cannabis Laboratory and has received a state certificate of compliance.

**It is important to note that this section is for contextual purposes only. All testing by Caliva Labs will occur at our San Jose facility, not at our Brisbane facility.**

## City of Brisbane Appendix – Caliva Premises Rules

### CALIVA Premises Rules

The customer ("Customer") acknowledges, agrees and understands that their access to the Caliva premises is conditioned upon Customer's continued compliance with the Caliva's Premises Rules ("Rules"), and as such Customer acknowledges that they have reviewed and understood the Rules and that they agree to abide by the following Rules in exchange for access to Caliva's premises and services:

- Access to Caliva is limited to Customers over the age of 21. Customers are required to verify identity before being allowed access to Caliva's premises and/or parking areas ("Premises").
- Any resale of cannabis purchased from Caliva is prohibited.
- Customers may not purchase, and Caliva will not sell quantities that exceed the individual's daily limit as set forth in law (16 CCR 5409).
  - Non-medical Customers are limited to purchasing no more than:
    - (i) 1 ounce (or 28.5 grams) of non-concentrated cannabis (i.e., dried buds or pre-rolls);
    - (ii) 8 grams of concentrated cannabis (including oils, resins, rosins, shatters, waxes, and concentrated cannabis contained in vape cartridges and cannabis-infused products, measured by milligrams of THC); *and*
    - (iii) 6 immature cannabis plants.
  - Medical Customers who are legally qualified patients or properly designated caregivers are limited to purchasing no more than:
    - (i) a total of 8 ounces (226.75 grams) of medicinal cannabis in a single day (including both non-concentrated and concentrated cannabis, as defined above); and
    - (ii) 12 immature cannabis plants
    - Medical Customer may purchase more than the foregoing limits if they possess a valid physician's recommendation permitting a higher amount.
- Additionally, non-medical Customers may not purchase any infused product containing more than 1,000 milligrams of THC per package.
- Medical Customers must bring a valid California ID and medical documentation (a California state-issued medical cannabis identification card or physician's recommendation) for their first visit to Caliva. A valid California ID will need to be presented every time you visit Caliva. Customers shall wear any required badges while on Premises.
- No smoking, vaping, ingestion, or other consumption of cannabis goods is allowed on the Premises, nor within 300 feet of the Premises on the public right of way, nor in those areas restricted under the provisions of California Health and Safety Code Section 11362.79 (including but not limited to anywhere within 1,000 feet of the grounds of a school, recreation center, or youth center, or in a moving vehicle).
- No loud music, unattended barking dogs, or other noise disturbances are permitted on or around the Premises.
- Any criminal conduct on or around the Premises (including, but not limited to, any solicitation of staff to participate in criminal conduct) will not be tolerated and will be grounds for termination of your purchasing privileges.
- Attempts to circumvent the patient registration, validation process, or other Caliva processes or rules is strictly prohibited and will be grounds for barring you from the Premises indefinitely.
- Loitering and/or littering on or around the Premises are prohibited. Loitering for an illegal purpose is prohibited by California Penal Code Section 647(h) and will be grounds for barring you from the Premises indefinitely. All trash must be properly deposited in the trashcans provided.
- Please do not bring more than one non-Customer with you. Repeated violations of this rule can lead to barring you from the Premises indefinitely.
- Weapons (including but not limited to firearms, blades, Tasers and stun guns) are NEVER allowed on or around the Premises. Any violation of this Rule will be grounds for barring you from the Premises indefinitely.
- Tipping of Caliva employees is prohibited.
- No children may be left unattended on or around the Premises.
- No audio, video, or photographic recording is permitted on or around the Premises, in order to protect the privacy and confidentiality of all Caliva customers.
- No persons under the age of twenty-one (21) shall be allowed on Premises, and no transfers of cannabis shall be made by Caliva to any person under the age of twenty-one (21). Designated caregivers to qualified medical cannabis patients under 21 may transfer cannabis goods purchased at Caliva to their patients.
- There shall be no sale, dispensing, or consumption of alcoholic beverages on or around the Premises.
- All customers and staff are to treat each other with respect and courtesy at all times. Threatening, abusive, or disrespectful behavior is strictly prohibited, will not be tolerated and may be grounds for barring you from the Premises indefinitely.
- None of the following items are ever allowed on the Premises: (1) any controlled substances other than cannabis; (2) any paraphernalia used for the ingestion of any type of controlled substance other than cannabis; (3) alcoholic beverages.
- Caliva may indefinitely bar the admission of any Customer violating any provision of these Rules or any state or local law, rule, regulation or ordinance applicable to the operations of Caliva or the possession, distribution, or consumption of cannabis. Caliva will immediately report any such violations to the appropriate law enforcement authorities.

#### CALIVA

The information contained herein is private and confidential and is protected under U.S. federal and California medical privacy laws.

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# ATTACHMENT D

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Draft  
RESOLUTION UP-5-18

A RESOLUTION OF THE PLANNING COMMISSION OF BRISBANE  
CONDITIONALLY APPROVING USE PERMIT UP-5-18  
FOR A CANNABIS BUSINESS  
AT 101 SOUTH HILL DRIVE

WHEREAS, Larry Thacker, of Caliva, applied to the City of Brisbane for Use Permit approval for establishment of a cannabis business consisting of delivery-only retail, light manufacturing, and distribution/warehousing at 101 South Hill Drive, such application being identified as UP-5-18; and

WHEREAS, on September 27, 2018, the Planning Commission conducted a hearing of the application, publicly noticed in compliance with Brisbane Municipal Code Chapters 1.12 and 17.54, at which time any person interested in the matter was given an opportunity to be heard; and

WHEREAS, the Planning Commission reviewed and considered the staff memorandum relating to said application, and the written and oral evidence presented to the Planning Commission in support of and in opposition to the application; and

WHEREAS, the Planning Commission finds that the proposed project is categorically exempt from the provisions of the California Environmental Quality Act; pursuant to Section 15301(a) of the State CEQA Guidelines; and

WHEREAS, the Planning Commission of the City of Brisbane hereby makes the findings attached herein, as Exhibit A, in connection with the requested Use Permit;

NOW THEREFORE, based upon the findings set forth hereinabove, the Planning Commission of the City of Brisbane, at its meeting of September 27, 2018 did resolve as follows:

Use Permit UP-5-18 is approved by the Planning Commission in compliance with the conditions of approval attached herein as Exhibit A.

ADOPTED this 27<sup>th</sup> day of September, 2018, by the following vote:

AYES:  
NOES:  
ABSENT:

\_\_\_\_\_  
Coleen Mackin  
Chairperson

ATTEST:

\_\_\_\_\_  
JOHN A. SWIECKI, Community Development Director

DRAFT  
**EXHIBIT A**

**Action Taken:** Approval of Use Permit UP-5-18, per the staff memorandum with attachments, via adoption of Resolution UP-5-18.

**Use Permit UP-5-18 Findings of Approval**

- A. The planning commission finds that, given the conditions of approval, the proposed cannabis delivery-only retail, light manufacturing, and distribution/warehousing uses are consistent with and complementary to the nature and condition of all adjacent uses and structures in the Crocker Industrial Park, and with the all applicable General Plan policies pertaining to permitted land uses and business operations within Crocker Park. Specifically, the use is consistent with the Trade Commercial land use designation in the 1994 General Plan, and per the applicant's site and floor plans and business operations plan, the business operations will be consistent with General Plan Local Economic Development Element Policy 8, and Crocker Park subarea policies CP.3, CP.11, CP.20, and CP.24.
- B. The planning commission finds that, given the conditions of approval and the applicant's application materials, the establishment, maintenance and operation of the cannabis delivery-only retail, light manufacturing, and warehousing use will not be detrimental to the health, safety, comfort and general welfare of the persons working in Crocker Industrial Park, and will not be injurious or detrimental to property and improvements in the neighborhood or the general welfare of the City.

**Use Permit UP-5-18 Conditions of Approval:**

Prior to Issuance of a Building Permit

- A. The applicant shall obtain a building permit demonstrating compliance with all physical improvements to the tenant space and site as required by the Building Division, Police Department, Public Works Department, North County Fire Authority, and San Mateo County Department of Environmental Health, as listed below:
  - 1. Property and building security shall be installed and shown in the building permit plans, compliant with specifications required by the Police Department and subject to final approval by the Police Department.
  - 2. Sprinkler system in manufacturing rooms shall be Extra Hazard Group II.
  - 3. Sprinkler system in storage area shall be Ordinary Hazard Group.
  - 4. The facility and building permit plans shall conform to NFPA 1 Chapter 38 2018 Edition, the 2016 California Building Code, and the 2016 California Fire Code.
- B. Prior to issuance of a building permit, the applicant shall apply for a business license from the City of Brisbane.

Other Conditions

- C. Prior to certificate of occupancy, the applicant shall demonstrate that the appropriate license(s) from the State of California applicable to the cannabis business have been obtained.



- D. Prior to certificate of occupancy, the application shall submit a cross connection control survey to San Mateo County Environmental Health and install the devices required by San Mateo County Environmental Health to the satisfaction of the City Engineer.
- E. Except where prohibited by State law, all waste generated by the business shall be serviced by the South San Francisco Scavenger Company. The applicant shall work with South San Francisco Scavenger Company and the Police Department to determine the appropriate waste storage and pickup protocols.
- F. In addition to the requirements specified under BMC Section 17.33.020, the Police Chief or designated representative shall have the authority to inspect the facility without prior notice during business hours to verify that conditions of the permit are being met.
- G. The Police Department shall have final approval of the proposed entry security systems and security protocols.
- H. Exterior advertising signage associated with the approved use shall be subject to separate planning applications.
- I. The cannabis business shall comply at all times with the performance and operational standards contained in BMC Section 17.33.020, as may be amended from time to time.
- J. Drawings depicting all work completed and proposed shall be provided to the satisfaction of the City. Exposure of covered work may also be required to demonstrate compliance with building code requirements.
- K. The permittees agree to indemnify, defend and hold the City and its officers, officials, boards, commissions, employees and volunteers harmless from and against any claim, action or proceeding brought by any third party to attack, set aside modify or annul the approval, permit or other entitlement given to the applicant, or any of the proceedings, acts, or determinations taken, done or made prior to the granting of such approval, permit, or entitlement.
- L. Minor modifications may be approved by the Planning Director in conformance with all requirements of the Municipal Code.
- M. This Use Permit is subject to the revocation procedures established in Brisbane Municipal Code Chapter 17.48 should the use not comply with its conditions of approval or in any way prove to be a nuisance, injurious or detrimental to property or improvements in the neighborhood or to the general welfare of the City.
  - 1. Failure to comply with any of the aforementioned conditions of approval shall constitute grounds for revocation of the use permit. Generally, in the event that any of the agencies with oversight authority provides a written notice of the violation and correction items have not been properly addressed in a timely manner (as may be indicated in the notice); or in the event that more than one violation is issued within a six month period, the application will be brought to the Planning Commission for revocation.
  - 2. The Community Development Director shall have discretion regarding referral of the application to the Planning Commission for revocation proceedings.