City of Santa Barbara
California

PLANNING COMMISSION
STAFF REPORT

REPORT DATE: January 7, 2016

AGENDA DATE: January 14, 2016

PROJECT ADDRESS: 2609 De La Vina Street (MST2016-00117)
"Santa Barbara Collective"

TO: Planning Commission

FROM: Planning Division, (805) 564-5470, extension 4539
Beatriz Gularte, Senior Planner AUD for BEG
Tony Boughman, Assistant Planner TB

I. PURPOSE OF HEARING

The purpose of this hearing is for the Planning Commission to consider the applicant's appeal of the Staff Hearing Officer (SHO) denial on November 11, 2015 of a Medical Marijuana Storefront Collective Dispensary Permit at 2609 De La Vina Street.

II. PROJECT DESCRIPTION

The project denied by the SHO consists of interior and exterior tenant improvements to establish a new collective dispensary in an 850 square foot tenant space in a two-tenant, one-story commercial building at 2609 De La Vina Street. Rental of the space includes permission to use four parking spaces in the shared 10 space parking lot behind the building, meeting the parking requirement of the commercial space. The parking lot is accessed from an alley off of Constance Avenue (around the corner from De La Vina). Exterior tenant improvements consist of: replacement of front door and window; elimination of a side window, door, and exterior stair; add security bars to windows; and new security cameras and alarm system.

The discretionary application required for this project is a Medical Marijuana Storefront Collective Dispensary Permit (SBMC §28.80.030).

The appellant/applicant, Ihab Ghannam, requests that the Planning Commission approve the project (refer to Attachment 1, Appellant's Letter).

III. RECOMMENDATION

That the Planning Commission consider whether the application meets the twelve criteria for issuance of a Storefront Collective Dispensary permit in SBMC §28.80.070.B in determining whether to affirm, reverse, or modify the decision of the SHO. Please refer to the SHO staff report (Attachment 2) for complete analysis of the application and the complete list of criteria for issuance which the Planning Commission must consider in deciding on the appeal.

Should the Planning Commission find that the application meets all of the required issuance criteria and vote to uphold the appeal and approve the Storefront Collective Dispensary Permit, staff has included the recommended SHO Conditions of Approval as Attachment 3, and staff

recommends adding a condition that the applicant submit comprehensive and organized operations and security plans.

Vicinity Map 2609 De La Vina Street

IV. SITE INFORMATION

Applicant:	Ihab Ghannam		
Property Owner:	Josiah F. Jenkins Trust		
Site Information			
Parcel Number:	051-292-003	**Lot Area:**	9,058 square feet
General Plan: Commercial/Medium High Residential		**Zoning:**	C-2, Commercial Zone
Existing Use: Vacant Commercial Tenant Space		**Topography:**	5% slope
Adjacent Land Uses			
North – Commercial **South** – Commercial		**East** - Commercial **West** - Residential	

V. STAFF HEARING OFFICER DECISION

On November 11, 2015, the SHO denied the appellant's request for a Medical Marijuana Storefront Collective Dispensary permit. The reasons the application was not found to meet the criteria for issuance of a permit are described in the summary of the Staff Hearing Officer minutes below:

Ms. Reardon expressed concerns with the:

- dispensary's compliance with the definition of Medical Marijuana Storefront Collective Dispensary contained in the City's Zoning Ordinance;
- site and floor plans;
- location of the parking spaces behind the building in relation to the front entrance;
- lack of security patrolling the rear of the property;
- inconsistencies and discrepancies in the submitted Operations Plan and the Business and Operations Plan; and
- discrepancies between what was stated in the public hearing and what was indicated in the Operations Plan, Business and Operations Plan, and site plan.

Ms. Reardon stated that she could not find that the proposed dispensary meets all of the criteria for issuance of a Storefront Collective Dispensary Permit, specifically criteria SBMC Section 28.80.070, B.1, B.7, B.8, and B.9, and denied the Medical Marijuana Storefront Collective Dispensary Permit.

Full minutes of the SHO hearing are attached as Attachment 4.

VI. APPEAL ISSUES

Below is a list of the issue areas where the SHO was unable to find the application in compliance with criteria for issuance of the permit (SBMC §28.80.070.B). Following each criterion is a discussion of the SHO's decision and the appellant's position.

Criterion 1

1. That the Collective Dispensary permit and the operation of the proposed Dispensary will be consistent with the intent of the Compassionate Use Act of 1996 and the SB 420 Statutes for providing medical marijuana to qualified patients and primary caregivers, and with the provisions of this Chapter and the Municipal Code, including the application submittal and operating requirements herein.

The application proposes a business plan that does not appear to meet the purpose and intent of the Medical Cannabis Dispensary Ordinance, and compliance with the definition of Medical Marijuana Storefront Collective Dispensary in the Municipal Code, to consist of a local association of Qualified Patients and their Primary Caregivers associating to collectively or cooperatively cultivate and distribute marijuana for medical purposes to members of the collective on a not-for-profit basis.

The SHO agreed with staff's concerns in the written staff report that this business will not be operated as a nonprofit, Collective, as required by the Zoning Ordinance for the following reasons:

- The applicant submitted a "Business and Operations Plan" (Plan) which is structured as a for-profit retail model where inventory is purchased from outside vendors and then sold to customers.
- The Plan makes no mention of any participation in operation and governance by members, except voting in a new managing member if Mr. Ghannam provides 90 days notice.
- The Plan makes no mention of processes by which the collective is accountable to members.

The SHO found the application does not meet criterion 1.

As stated in the appeal letter, the appellant's position is that many concerns raised in the staff report were addressed in the SHO hearing, and deficiencies in the application with regard to nonprofit operation and collective cultivation can be worked out to achieve approval of the permit.

Criterion 7

7. *That the Dispensary's Operations Plan, its site plan, its floor plan, the proposed hours of operation, and a security plan have incorporated features necessary to assist in reducing potential crime-related problems and as specified in the operating requirements section. These features may include, but are not limited to, security on-site; procedure for allowing entry; openness to surveillance and control of the premises; the perimeter, and surrounding properties; reduction of opportunities for congregating and obstructing public ways and neighboring property; illumination of exterior areas; and limiting furnishings and features that encourage loitering and nuisance behavior.*

The Zoning Ordinance requires the entrance to the dispensary to be clear of barriers, landscaping, and similar obstructions so that it is clearly visible from public streets, sidewalks, and site driveways (SBMC §28.80.060.E.1). The front door and window will be replaced with new in the existing configuration, and they provide accessibility and good visibility at De La Vina Street for the entrance. The parking lot is located behind the building which requires walking around the adjacent attached buildings to get to the De La Vina Street entrance. There is a rear door facing the rear parking lot, but the door threshold is approximately five feet higher than the parking lot elevation. The limited scope of work for the tenant improvement does not trigger a building code requirement to make the rear door accessible, therefore this door may not be used as an entrance. In the report to the SHO, staff expressed concerns that the proposed operations plan mainly repeated the ordinance language and basically used responses from a previously approved dispensary application.

The SHO was concerned about the configuration of the site plan because the location of the parking lot behind the building with a long path of travel to the front entrance may pose concerns for patients with limited mobility, and safety concerns for patients leaving after receiving their medical marijuana. The parking lot does not have the same high degree of public visibility as the front of the building and entry facing De La Vina Street. Additionally there were contradictions among the submitted operations plan, the site plan, and statements by the applicant in the hearing on how the lobby waiting area and intake process would occur, and also regarding the number of security personnel on site during operating hours and their duties beyond checking

in patients. The application was not clear on how the dispensary would assist in reducing crime-related problems. The SHO found the application does not meet criterion 7.

The appellant notes that staff found the site to be acceptable, and would like for the Planning Commission to consider the site plan, and consider options to improve access at this site.

Criterion 8

8. *That all reasonable measures have been incorporated into the Dispensary security plan or consistently taken to successfully control the establishment's patrons' conduct resulting in disturbances, vandalism, crowd control inside or outside the premises, traffic control problems, marijuana use in public, or creation of a public or private nuisance, or interference of the operation of another business.*

As described in the SHO staff report, staff considered the configuration and features of the physical improvements for the proposed security plan to incorporate all reasonable measures to control the patron's conduct. Staff found that the security plan includes adequate cameras, lighting, door locks, information for patrons regarding expected behavior, and security personnel to comply with this criterion.

The SHO had concerns about the site configuration with the parking lot in the rear without good public visibility, and that the lack of security patrolling the rear of the property, and the lack of clear information on how the dispensary will reduce the potential for disturbances, loitering, marijuana use in public, and creation of a public or private nuisance. The SHO found the application does not meet criterion 8.

The appellant believes all concerns can be addressed, and would like the opportunity to work out deficiencies in the operations plan.

Criterion 9

9. *That the Storefront Collective Dispensary is likely to have no potentially adverse effect on the health, peace, or safety of persons living or working in the surrounding area, overly burden a specific neighborhood, or contribute to a public nuisance, and that the Dispensary will generally not result in repeated nuisance activities including disturbances of the peace, illegal drug activity, marijuana use in public, harassment of passerby, excessive littering, excessive loitering, illegal parking, excessive loud noises, especially late at night or early in the morning hours, lewd conduct, or police detentions or arrests.*

The SHO had concerns that the site configuration with the parking in the rear without direct access to the entry could result in nuisance activities and adverse effects on the surrounding area. The lack of security patrolling the rear of the property is also a concern with this criterion, and the SHO found the application does not meet criterion 9.

The appellant would like for the Planning Commission to consider options to overcome the concerns of the Staff Hearing Officer regarding the site, and allow the appellant to work out perceived deficiencies in the application.

In summary, the main concern of the SHO was the site layout of this proposed dispensary with the parking located in the back and the long path of travel to get to the front door. While the inconsistencies or deficiencies of the application can be improved, the site layout cannot be

revised, so it will be important for the Planning Commission to decide if this property with the parking lot in the back is an acceptable location for a dispensary.

VII. ENVIRONMENTAL REVIEW

Should the Planning Commission overturn the Staff Hearing Officer's decision and approve the permit, staff has determined that the project would qualify for a categorical exemption from further environmental review under Section 15301(a) (Existing Facilities) of the California Environmental Quality Act (CEQA) Guidelines. The project involves a tenant improvement in an existing commercial building.

VIII. FINDINGS

The application complies with the location criteria of SBMC §28.80.050, as outlined in Section V.A of the SHO staff report (Attachment 2);

The Planning Commission, on appeal, review the concerns raised by the SHO with regards to the suitability of the site layout, and the applicant's ability to comply with Criteria 1, 7, 8, and 9 of Santa Barbara Municipal Code section 28.80.070B; and

The Planning Commission, on appeal, consider the twelve criteria for issuance of a Storefront Collective Dispensary permit set forth in SBMC §28.80.070.B, as addressed in Section V.C of the SHO staff report and in the applicant's submittal.

Attachments:

1. Appellant's Letter, November 22, 2015
2. SHO Staff Report, November 11, 2015, including Exhibits A through E comprising the application for Santa Barbara Collective
3. Conditions of Approval
4. SHO Minutes, November 11, 2015
5. Medical Cannabis Dispensaries Ordinance (SBMC Chapter 28.80)

November 22, 2015

City of Santa Barbara Planning Commission
Planning Division
Community Development Department
630 Garden Street,
Santa Barbara, California

RE: Written Letter of Appeal to City of Santa Barbara Planning Commission

Decision Being Appealed:
City Staff Hearing Officer's Denial of Application for Medical Marijuana Storefront Collective Dispensary Permit (SBMC §28.80.030)

Decision Meeting Date:
November 11, 2015

Appellant/Applicant's Name:
Ihab Ghannam

Project Address:
2609 De La Vina Street (MST2015-00117)

RECEIVED
NOV 23 2015
CITY OF SANTA BARBARA
PLANNING DIVISION

Dear Commissioners,

The purpose of this letter is to appeal the decision of the City Staff Hearing Officer ("SHO"), Susan Reardon, to deny Appellant's Application for a Medical Marijuana Storefront Collective Dispensary Permit (the "Application"), during the hearing on this matter held on November 11, 2015.

The SHO's decision to deny the Application was based on Ms Reardon's opinion that the proposed dispensary did not meet the criteria for issuance of a Storefront Collective Dispensary permit as specified in SBMC Section 28.80.070.

Although the SHO noted various concerns in reaching her decision, such as those relating to the building's site and floor plans, and the need for additional security, Ms Reardon's comments at the closing of the hearing were primarily focused on the following two key issues:

(1) That the building's proposed parking spaces were not close enough to the building's entrance, and

(2) That there were inconsistencies and discrepancies in the submitted Operations Plan, Business and Operations Plan, and Site Plan.

We respectfully request the opportunity to appeal the denial of the Permit on several grounds, including that the SHO's decision was not supported by the findings with respect to certain issues, and that, in other instances the findings were not supported by the evidence.

With regard to Item (1), above, we respectfully note that the findings of the SHO Report dated November 4, 2015 indicate that most aspects of the Application's site plans (including those relating to the parking lot) were found to be acceptable by SHO staff.

It is also noted that, during the hearing's comment period, several members of the public raised concerns about the challenges disabled dispensary members might have in walking from the back of the building (where the parking lot is located) to reach the entrance located at the front of the building; Ms Reardon indicated that she shared their concern, noting that such an issue could raise a safety issue.

Although there was a brief discussion focused on options for placing a second entrance closer to the parking lot, Ms Reardon appeared to view the parking issue as a highly potential "deal breaker", despite the SHO Report finding no material issues with parking and without any opportunity for considering other options. Such options could include offering arrangements for disabled members to be escorted by staff in wheelchairs provided by the dispensary.

With regard to Item (2), above, the record indicates that Ms Reardon expressed that SHO would be willing to "work out" perceived deficiencies in the Operating Plan and other documents submitted with the Application, if the parking issue noted at Item (1) could be satisfactorily addressed. (This comment can be found in the video of the Hearing near the 2:21 time marker.)

Our position with regard to Item (2) is that many of the concerns relating to the Operations Plan that SHO raised in its Report were addressed during the Hearing and, consistent with Ms Reardon's openness to working them out, Appellant believes that such issues did not constitute disqualifying deficiencies in the Application.

The following are examples of how such issues could be "worked out":

- We have been consulting closely with a nonprofit attorney to address the issues found under Item C(1) of the SHO Report relating to the SHO's concerns that the dispensary could be potentially run as a for-profit business rather than an nonprofit collective. For example, we are working on developing bylaw language that provides members with expanded governance rights and managers with greater duties toward members, to address accountably concerns.

- Additionally, we would like to note that, although the Application indicates that only members would be allowed to cultivate cannabis for the collective, if SHO needs any additional assurance that no outside parties would be allowed to grow/sell cannabis to the collective, we are developing plans intended to enable the collective itself to be directly involved in growing medical marijuana for its members.

Finally, we believe that the hearing was useful in allowing Appellant many opportunities to clarify concerns in the SHO Report regarding Appellant's understanding of what is involved in operating a medical marijuana dispensary, among other things. We would greatly appreciate an opportunity to continue "working out" those details that remain to be resolved in order to receive a full approval of the Application.

Accordingly, we respectfully request the opportunity to appeal SHO's decision regarding the denial of the Application, with the objective of receiving a full or conditional approval.

Thank you.
Ihab Ghannam

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City of Santa Barbara
California

STAFF HEARING OFFICER
STAFF REPORT

REPORT DATE: November 4, 2015

AGENDA DATE: November 11, 2015

PROJECT ADDRESS: 2609 De La Vina Street (MST2015-00117)

TO: Susan Reardon, Senior Planner, Staff Hearing Officer

FROM: Planning Division, (805) 564-5470
Beatriz Gularte, Senior Planner ALS for BG
Tony Boughman, Assistant Planner TB

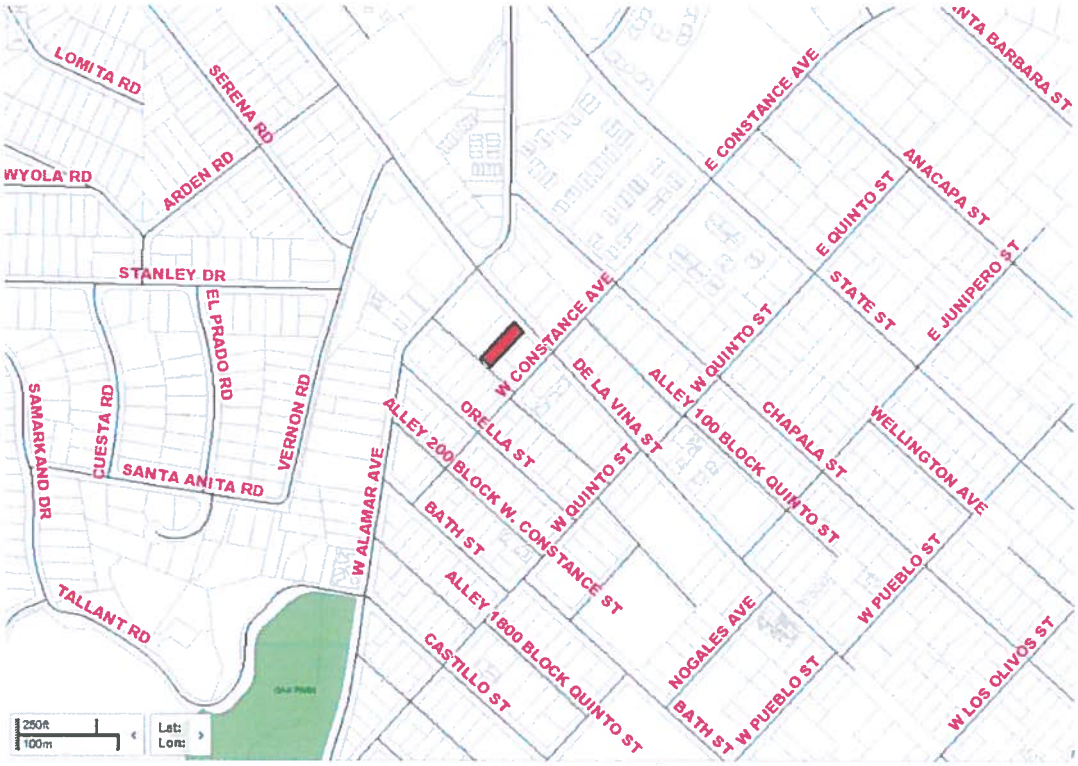
I. PROJECT DESCRIPTION

The project consists of a proposal for a Medical Marijuana Storefront Collective Dispensary. Interior and exterior tenant improvements are proposed for the dispensary.

II. REQUIRED APPLICATION

The discretionary application required for this project is a Storefront Collective Dispensary Permit (SBMC §28.80.030).

APPLICATION DEEMED COMPLETE: September 22, 2015
DATE ACTION REQUIRED: November 22, 2015



Vicinity Map 2609 De La Vina Street

ATTACHMENT B

III. SITE INFORMATION AND PROJECT STATISTICS

A. SITE INFORMATION

Applicant:	Ihab Ghannam		
Property Owner:	Josiah F. Jenkins Trust		
Site Information			
Parcel Number:	051-292-003	**Lot Area**:	9,058 square feet
General Plan:	Commercial/Med High Residential	**Zoning**:	C-2
Existing Use:	Vacant Commercial Tenant Space	**Topography**:	5% slope
Adjacent Land Uses			
North - Commercial **South** - Commercial		**East** - Commercial **West** - Residential	

IV. ISSUES

The applicant submitted the application on April 20, 2015. If approved, this would be the second Medical Cannabis Dispensary to be approved, and a total of three may be permitted Citywide.

Staff recommends that the Staff Hearing Officer focus on the following issues which are: Filing Requirements of the Storefront Collective Dispensary Permit, in particular the proposed Operational Plan (SBMC 28.80.060.A), and the Information Regarding Storefront Collective Dispensary Management (SBMC 28.80.060.F) as discussed in detail in Section V of this Staff Report, and Criteria for Review of Collective Dispensary Applications by the City Staff Hearing Officer, particularly:

- Criterion 1, Purpose and Intent of the Medical Cannabis Dispensary Ordinance, and compliance with the definition of Medical Marijuana Storefront Collective Dispensary
- Criterion 7, Operations Plan details and execution
- Criterion 11, False statements of Material fact and omissions from application

These criteria are discussed in detail in Section V.C of this Staff Report.

Staff's general concern about this application is that the applicant has not provided candid responses, written specifically for this application, regarding his plans with regards to operation of a Storefront Collective Dispensary. In three Development Application Review Team (DART) reviews and applicant meetings, plus several other informal meetings and conversations with the applicant and his attorney, staff repeatedly stressed the importance of simply providing a description of his plans and intentions, in detail. His responses to these requests were to repeatedly request guidance and advice on preparing a supportable application. The candid responses- specific to the project - requested by staff have not been provided.

The applicant's position is that he will operate and do whatever is required to be in compliance with the Ordinance. His application seeks to provide responses that do not conflict with any Ordinance provision; therefore his responses often are little more than a repeat of the Ordinance language. Staff directed him to look at the approved dispensary permit application for 3617 State Street and watch the Staff Hearing Officer and Planning Commission hearing videos to gain insight into the application review process and evaluation of the criteria for issuing a permit. The applicant submitted a revised operations plan mainly consisting of language copied verbatim from the application for 3617 State Street. Staff is concerned that it is not more specific to the subject operation or location.

Staff has additional concerns about the veracity and/or care taken in the information submitted in the application. The property owner of a home identified as a location of cultivation in the application notified the City that her home is not a potential grow location and neither she, nor her tenant, were aware of the application, or know the applicant or the person identified as the grower of the marijuana.

V. ZONING ORDINANCE CONSISTENCY

Medical Cannabis Dispensaries are governed by Chapter 28.80 of the Santa Barbara Municipal Code (SBMC). The following discussion provides an analysis of the project's consistency with applicable sections of that Chapter.

A. Storefront Collective Dispensary Limitations

The proposed dispensary complies with the location limitations in SBMC §28.80.050. The parcel is commercially zoned and located in the allowed 2600 to 2900 blocks of De La Vina Street. The tenant space is a storefront location which affords good public views of the entrance door with glass and the front window, approximately 17 feet from the street curb at De La Vina Street (28.80.050.B). The location is approximately one mile from the only approved dispensary in the City, located at 3617 State Street. Therefore, the location is not within 1,000 feet of another dispensary, it would be the only dispensary in the Upper De La Vina Street area, and it would not result in more than three permitted dispensaries in the City.

B. Filing Requirements – Information Regarding Storefront Collective Dispensary Management

SBMC §28.80.060.F.5 requires that if a Storefront Collective Dispensary is an unincorporated association, the applicant provide a copy of the Collective's Secretary of State Articles of Incorporation. The applicant submitted Articles of Incorporation that meet ordinance requirements (Exhibit C).

C. Issuance Criteria

The Zoning Ordinance requires that the Staff Hearing Officer consider the following issuance criteria in determining whether to grant or deny a Storefront Collective Dispensary permit (SBMC §28.80.070.B):

1. That the Collective Dispensary permit and the operation of the proposed Dispensary will be consistent with the intent of the Compassionate Use Act of 1996 and the SB 420 Statutes for providing medical marijuana to qualified patients and primary caregivers, and with the provisions of this Chapter and the Municipal Code, including the application submittal and operating requirements herein.

Based on documents submitted with the application (Exhibit C), Staff has concerns with the proposed Collective meeting the purpose and intent of the Medical Cannabis Dispensary Ordinance (SBMC§28.80.010), and compliance with the definition of Medical Marijuana Storefront Collective Dispensary (SBMC §28.80.020.E), to consist of a local association of Qualified Patients and their Primary Caregivers associating to collectively or cooperatively cultivate and distribute marijuana for medical purposes to members of the collective on a not-for-profit basis (SBMC §28.80.080.G.2). In other words, staff is not convinced that this business will be operated as a local, nonprofit, Collective, as required by the Zoning Ordinance for the following reasons:

- The applicant submitted a "Business and Operations Plan" which seems to be structured as a for-profit retail model where inventory is purchased and then sold to customers.
- The Plan makes no mention of any participation in operation and governance by members, except voting in a new managing member if Mr. Ghannam provides 90 days notice.
- The Plan makes no mention of processes by which the collective is accountable to members.

2. That the proposed location of the Storefront Collective Dispensary is not identified by the City Chief of Police as an area of increased or high crime activity.

The location is not identified by the City Police Department as an area of increased or high crime activity.

3. For those applicants who have operated other Storefront Collective Dispensaries within the City, that there have not been significant numbers of calls for police service, crimes or arrests in the area of the applicant's former location.

The applicant has not operated any other Storefront Collective Dispensaries in the City.

4. That issuance of a Collective Dispensary permit for the Collective Dispensary size requested is appropriate to meet needs of the community for access to medical marijuana.

The proposal involves a tenant improvement in the existing 850 square foot commercial space in the two-tenant building. The proposed size is appropriate to safely and efficiently operate a dispensary to meet the needs of the community.

5. That issuance of the Collective Dispensary permit would serve needs of City residents within a proximity to this location.

The dispensary would be located in the Upper De La Vina area as allowed in the Ordinance, in the Oak Park neighborhood and centrally located among the Samarkand, East San Roque, the eastern end of Upper State, and Upper East neighborhoods, and would serve the needs of City residents within a proximity to this location.

6. That the location is not prohibited by the provisions of this Chapter or any local or state law, statute, rule, or regulation, and no significant nuisance issues or problems are likely or anticipated, and that compliance with other applicable requirements of the City's Zoning Ordinance will be accomplished.

The proposed location is not prohibited, and it complies with the location limitations in SBMC §28.80.050. The parcel is commercially zoned and located in the area of upper De La Vina Street where dispensaries are specifically allowed. The tenant space has good public visibility and no significant nuisance issues or problems are likely or anticipated with regard to this location.

7. That the Dispensary's Operations Plan, its site plan, its floor plan, the proposed hours of operation, and a security plan have incorporated features necessary to assist in reducing potential crime-related problems and as specified in the operating requirements section. These features may include, but are not limited to, security on-site; procedure for allowing entry; openness to surveillance and control of the premises; the perimeter, and surrounding properties; reduction of opportunities for congregating and obstructing public ways and neighboring property; illumination of exterior areas; and limiting furnishings and features that encourage loitering and nuisance behavior.

The proposed physical improvements to the property as shown on the site plan, floor plan, and security plan have the features needed to comply with this criterion. The floor plan controls entry into the premises, and from the waiting area into the dispensing area. Adequate cameras and lighting are provided. Secure storage is provided. One exterior rear door is proposed to be removed and infilled with wall which will eliminate security concerns because the door leads outside to a narrow corridor between buildings without good visibility. The remaining rear door is proposed to be used only for emergencies.

However, staff has concerns about this criterion because, in staff's opinion, the proposed operational plan is ill-defined because the application contains written responses which mimic the ordinance language without clearly describing the anticipated operational details for this specific dispensary. Staff repeatedly requested that the applicant describe his planned operational details in the Operations Plan to give assurance that he has thought this out in advance, and knows how to run this operation to avoid the kinds of problems the Ordinance seeks to address. In the second DART letter to the applicant, staff suggested the applicant consider the types of operational details requested by the Staff Hearing Officer and the Planning Commission in the reviews of the approved dispensary application at 3617 State Street. The revised Operations Plan language contains discrepancies in large part because it was not written by the applicant for the subject operation or location. For example, a description of the proposed location of a sign in the waiting room of the dispensary to advise patients of the rules of conduct describes the 3617 State Street floor plan rather than the proposed floor plan for 2609 De La Vina Street. The

location of the sign is a minor item, but this discrepancy does not give confidence that operational details have been considered carefully.

8. *That all reasonable measures have been incorporated into the Dispensary security plan or consistently taken to successfully control the establishment's patrons' conduct resulting in disturbances, vandalism, crowd control inside or outside the premises, traffic control problems, marijuana use in public, or creation of a public or private nuisance, or interference of the operation of another business.*

The configuration and features of the physical improvements for the proposed security plan incorporate all reasonable measures to control the patron's conduct. The security plan includes adequate cameras, lighting, door locks, information for patrons regarding expected behavior, and security personnel to comply with this criterion.

9. *That the Storefront Collective Dispensary is likely to have no potentially adverse effect on the health, peace, or safety of persons living or working in the surrounding area, overly burden a specific neighborhood, or contribute to a public nuisance, and that the Dispensary will generally not result in repeated nuisance activities including disturbances of the peace, illegal drug activity, marijuana use in public, harassment of passerby, excessive littering, excessive loitering, illegal parking, excessive loud noises, especially late at night or early in the morning hours, lewd conduct, or police detentions or arrests.*

The location is an existing commercial building in a commercial district with parking provided as required. The physical improvements to the building demonstrating compliance with Criterion 8 above will help avoid adverse effects in the surrounding area. Hours of operation would be limited to 8 AM to 6 PM Monday through Saturday, thereby avoiding late night and early morning disturbances. The application repeatedly states that the proposed operations will comply with the requirements in the ordinance. If this is the case, the dispensary operation is not likely to have adverse effects on the health, peace, or safety of persons living or working in the surrounding area; overly burden a specific neighborhood; or contribute to a public nuisance.

10. *That any provision of the Municipal Code or condition imposed by a City-issued permit, or any provision of any other local or state law, regulation, or order, or any condition imposed by permits issued in compliance with those laws, will not be violated.*

No violations of municipal code provisions, conditions of any City-issued permits, or any other local or state law, regulation or order, or any condition imposed by permits issued in compliance with any local or state law have been identified. The Staff Hearing Officer has the authority to suspend or revoke the Storefront Collective Dispensary Permit pursuant to SBMC Section 28.80.120 if it appears to that Officer that the Dispensary permittee has violated any of the requirements of Chapter 28.80, or the dispensary is being operated in a manner which violates the operational requirements or operational plan required by the Dispensary Ordinance, or it is operated in a manner which conflicts with state law.

11. That the Applicant has not made a false statement of material fact or has omitted to state a material fact in the application for a permit.

In multiple application submittals, including the final submittal, the applicant identified a house in the city of Lompoc, California as a location where marijuana would be grown for the dispensary. On October 13, 2015 the City sent a letter to the property owner notifying her that the property had been identified as a grow location for a marijuana dispensary. Subsequently, on October 16, 2015, staff received a telephone call from the property owner stating that marijuana was not going to be grown on her property, and neither she, nor her tenants know the applicant, nor were they aware of the application. The property owner sent an email to staff stating the same, which is on file. Staff considers this to be a false statement of material fact submitted by the applicant. Staff is further concerned about compliance with this criterion because the proposed operations plan was largely copied from the 3617 State Street application, and, because the responses simply mimic the language in the Ordinance, there is concern that material facts may have inadvertently been omitted from the application.

12. That the Applicant has not engaged in unlawful, fraudulent, unfair, or deceptive business acts or practices with respect to the operation of another business within the City.

The applicant passed the required background check. The applicant provided a signed statement as part of his application that he has not engaged in unlawful, fraudulent, unfair, or deceptive business acts or practices with respect to the operation of another business within the City.

VI. ENVIRONMENTAL REVIEW

Staff has determined that the project qualifies for a Categorical Exemption from further environmental review under Section 15301(a) (Existing Facilities) of the California Environmental Quality Act (CEQA) Guidelines. The project involves a tenant improvement in an existing commercial building.

VII. FINDINGS

STOREFRONT COLLECTIVE DISPENSARY PERMIT (SBMC §28.80.070)

The Ordinance states that upon an application for a Storefront Collective Dispensary permit being deemed complete, the Staff Hearing Officer shall either issue a Storefront Collective Dispensary permit, issue a Storefront Collective Dispensary permit with conditions in accordance with this Chapter, or deny a Storefront Collective Dispensary permit.

The application complies with the location criteria of SBMC §28.80.050, as outlined in Section V.A of the staff report. The Staff Hearing Officer must determine that the application complies with the criteria for issuance of a Storefront Collective Dispensary permit set forth in SBMC §28.80.070.B, as discussed in Section V.C of the Staff Report and in the applicant's submittal.

Exhibits:

A. Application and Operations Plan for Santa Barbara Collective
B. Additional Operational and Management Information
C. Articles of Association and Bylaws submitted on October 28, 2015
D. Santa Barbara Collective Application for Membership
E. Applicant's Reponses to Criteria for Issuance
F. Preliminary Conditions of Approval

Project Plans – distributed separately

Medical Marijuana Storefront Collective Dispensary Permit Application Including OPERATIONS PLAN

(Revised, Corrected and Expanded Final — 08-24-2015)

RE: SANTA BARBARA COLLECTIVE

A NON-PROFIT ASSOCIATION

LOCATION AND OPERATIONAL REQUIREMENTS

Section 28.80.050 Limitations on the Permitted Location of a Storefront Collective Dispensary.

SEMC §28.80.050.A. Permissible Zoning for Storefront Collective Dispensaries. Storefront Collectives Dispensaries may only be permitted and located on parcels within the City which are zoned for commercial uses and on those street block faces listed in the exhibit to this Chapter designated as "Medical Marijuana Storefront Collectives Dispensaries - Allowed Locations" dated as of June 22, 2010.

Pursuant to Section 28.80.050 of the City Zoning Code, Santa Barbara Patients Collective and Healing Center, located at 2609 De La Vina Street, Santa Barbara, CA 93105; is in a permissible block face area designated as "Medical Marijuana Storefront Collectives Dispensaries - Allowed Locations." Attached is a map highlighting our location within a permissible zone for a medical marijuana dispensary as outline in City of Santa Barbara Zoning, (See Lease attached as ***Applicants first Submission filed on*** June 15, 2015 ***Attachment 1***), *((See Attachment VII through VIII)* Also, ***See Previous Submission and attachment 12 to Applicants first Submission on*** June 15, 2015, is the landlord acknowledgment that premises or subject lease if for the purpose of dispensing medical cannabis)

Also See City Zoning map:
http://www.santabarbaraca.gov/civicax/filebank/blobdload.aspx?BlobID=21265).

EXHIBIT A

SEC §28.80.050.B. Storefront Locations. Except for those locations shown as allowed within the West Pueblo Medical Area on the exhibit attached to this Chapter which have been specifically approved by the Staff Hearing Officer as non-storefront locations pursuant to this Chapter, a Storefront Collective Dispensary shall only be located in a visible store-front type ground-floor location which provides good public views of the Dispensary entrance, its windows, and the entrance to the Storefront Collective Dispensary premises from a public street .

*SANTA BARBARA COLLECTIVE has a visible storefront location with the entrance facing De La Vina Street. The street front entry has no obstructions to facilitate visibility from the street. As a result, there are excellent views from the outside(**See Attachment** VII through VIII).*

SBMC §28.80.050.C. Commercial Areas and Zones Where Storefront Collective Dispensaries Not Permitted. Notwithstanding subparagraph (A) above, a Storefront Collective Dispensary shall not be allowed or permitted on a parcel located within 1000 feet of another permitted or allowed Storefront Collective Dispensary.

*SANTA BARBARA COLLECTIVE exceeds the minimum distance requirements of 1000 feet from another permissible Storefront Collective Dispensary(**See Attachment** VII through VIII)*

SBMC §28.80.050.D. Locational Measurements. The distance between a Storefront Collective Dispensary and above-listed restrictions shall be calculated as a straight line from any parcel line of the Property on which the Storefront Collective Dispensary is located to the parcel line the real property on which the facility, building, or structure, or portion of the building or structure, in which the above-listed use occurs or is located.

For the purposes of determining compliance with the locational restrictions imposed by this section, the permissibility of a proposed Storefront Collective Dispensary location shall be determined by City staff based on the date the permit application has been deemed complete by the City with the earliest complete applications deemed to have priority over any subsequent Storefront Collective Dispensary application for any particular permissible location.

SANTA BARBARA COLLECTIVE is aware of the location requirements and staff protocols. The distance between the SANTA BARBARA COLLECTIVE and another permitted Dispensary shall be calculated as a straight line from any parcel line on the property. So far as applicants are aware, there are no other permitted dispensaries currently in Santa Barbara.

SBMC §28.80.050.E. One Collective Dispensary for Each Area of the City. No more than one Storefront Collective Dispensary may open or operate in each of the areas of the City designated as allowed or permissible Collective Dispensary location areas in the exhibit attached to this Chapter except for those areas which, at the time of the adoption of the ordinance amending this Chapter, already have more than one Storefront Collective Dispensary on a legal non-conforming basis and

which are allowed to continue to operate on a legal non-conforming basis under Section Two of the Ordinance amending this Chapter - in which case a legal non- conforming Dispensary may be allowed to continue to operate in such an area.

SANTA BARBARA COLLECTIVE is aware that no more than one Storefront Collective Dispensary may open or operate in each of the areas of the City designated as allowed or permissible Collective Dispensary location areas in the exhibit attached to this Chapter except for those areas which, at the time of the adoption of the ordinance amending this Chapter, already have more than one Storefront Collective Dispensary on a legal non-conforming basis and which are allowed to continue to operate on a legal non-conforming basis under Section Two of the Ordinance amending this Chapter - in which case a legal non-conforming Dispensary may be allowed to continue to operate in such an area.

Section 28.80.060 Storefront Collective Dispensary - Permit Application Requirements.

SBMC §28.80.060.E. Filing Requirements - Proposed Operational Plan. In connection with a permit application, an Applicant for a Storefront Collective Dispensary permit shall provide a detailed "Operations Plan" for the proposed Dispensary and, upon issuance of the Storefront Collective Dispensary permit by the City, shall operate the Storefront Collective Dispensary in accordance with the Operations Plan, as approved, at all times. A required Operations Plan shall consist of at least the following:

OPERATIONS PLAN

***Santa Barbara Collective** is a not for profit collective that will make every effort to produce and distribute our own medicine for collective members. Upon receipt of our permit, our hours of operation where collective members can receive their medicine will be Monday through Saturday from 8:00 AM to 6:00 PM.*

There will be a 24-hour waiting period for acceptance of new members, to permit verification of doctor's recommendations and documentation of the new member.

*To be a member of the **SANTA BARBARA COLLECTIVE** one must be at least twenty-one years of age and first attain a verifiable physician's recommendation in accordance with California State law. When a potential new collective member comes in to our collective clinic they are asked to demonstrate their physician's recommendation. The on-duty collective staff contacts the physician's office and verifies with them that the patient in question has been issued their recommendation.*

Once this process has been completed the potential new collective member is given paperwork to fill out and sign so there is a clear understanding of their participation and the

guidelines as a collective member. Upon receipt of our permit, there will be a 24-hour waiting period for new collective members as required in the newly revised ordinance, 5526.

All physician recommendations are stored alphabetically and are kept in files along with a copy of their valid California ID. A database of qualified collective members/patients will also be created along with the expiration date of their physician's recommendation. Upon entering the collective clinic, identification is presented to the security personnel and their membership is verified along with making sure the recommendation is valid and has not expired. If the collective patient's recommendation has expired then the patient is notified and cannot access medicine at that moment. They are then asked to return to their physician and obtain a current recommendation before coming back.

There are certain administrative costs as well as other expenses involved in the production of the medicine. These costs will be tallied and then divided by the amount of medicine processed in order to estimate the proper cost to recoup per collective member for said medicine. Depending on the year and conditions involved these costs will vary accordingly.

If a collective member is engaged in reselling their medicine and abusing the privileges of the collective, they are no longer welcome and they are removed from the data bank. There is a limit of two ounces of medicine that can be accessed by a qualified collective member on a visit. We will also have security cameras in place to help with crime reduction as well as internal monitoring in order to keep collective members honest.

Collective members' supply of medicine will be kept in a locked room adjacent to the dispensing area (see Attachmemnt IX (FLOOR PLAN) and Attachments VII- XIX). Collective members/staff weigh and measure the medicine in containers ranging from one gram to one ounce. Once the medicine is weighed, most of it is stored in the dispensing area. All remaining medicine that is not weighed is stored in a locked weigh room as stated above.

Patients who are unable to produce their own medicine are asked to sign up for a collective grow. At the end of the season the excess medicine that is produced is equally divided and dispersed at no charge to the collective members who had initially signed up.

In addition we will also promptly remove all graffiti from the property and parking lots under the control of the SANTA BARBARA COLLECTIVE within 72 hours of its appearance.

SBMC §28.80.060.E.1. Site Plan and Floor Plan. A Storefront Collective Dispensary application shall have a proposed site plan and floor plan which shows a lobby waiting area at the entrance to the Storefront Collective Dispensary used to receive qualified patients or primary caregivers, and a separate and secure designated area for dispensing medical

marijuana to qualified patients or designated primary caregiver's members of the Collective. The primary entrance shall be located and maintained clear of barriers, landscaping and similar obstructions so that it is clearly visible from public streets, sidewalks or site driveways.

SANTA BARBARA COLLECTIVE site plan and floor plan shows the lobby waiting area at the entrance to the Storefront Collective Dispensary and is to be used to receive qualified patients or primary caregivers. The room behind the waiting area is a separate and secure designated area for dispensing medical cannabis to qualified patients or designated primary caregivers members of the Collective. The primary entrance will be located and maintained clear of barriers, landscaping and similar obstructions so that it is clearly visible from public streets, sidewalks or site driveways. The door between the waiting area and the dispensing area is a security door. The lock on the door separating the waiting area from the dispensing area is a Fail Secure Electric Strike Lock. Once the patient member is verified, the electric strike lock will be engaged to allow passage to the dispensing area. Please refer to Attachment XIX SECURITY FLOOR PLAN OTHER SECURITY INFO, also see *Attachments VII- XIX*, for further descriptions and drawings concerning the door and the lock mechanism.

SBMC §28.80.060.E.2. Storage. A Storefront Collective Dispensary shall have suitable locked storage on the premises, identified and approved as a part of the operational security plan for the after-hours storage of medical marijuana.

SANTA BARBARA COLLECTIVE will have locked storage on premises for after-hours storage of medicinal cannabis. Secure locked safe overnight which will be located in the office (#13). Safe is manufactured by Winchester Safes. Model: Pony 42 Exterior dimensions: 72"H x 40"W x 25"D Interior dimensions: 70"H x 38"W x 20"D Weight: 725 lbs. additionally, an enclosed, locked refrigerator will be used to store medical marijuana edibles. Please refer to Attachment XIX SECURITY FLOOR PLAN OTHER SECURITY INFO, also see *Attachments VII- XIX to view architect and security Companies drawings of proposed vault and its attachment to the building.*

SBMC §28.80.060.E.3. Security Plans. A Storefront Collective Dispensary shall provide a plan to provide adequate security on the premises of the Dispensary which shall be maintained in accordance with the Dispensary security plan approved by the Chief of Police and as reviewed by the Staff Hearing Officer. This plan shall include provisions for adequate lighting and alarms in order to insure the safety of persons and to protect the premises from theft. All security guards used by dispensaries shall be licensed and employed by a state licensed private-party operator security company retained by the Storefront Collective Dispensary and each security guard used shall possess a valid state

Department of Consumer Affairs "Security Guard Card' at all times. Security guards shall not possess or carry firearms or tasers while working at a Collective Dispensary.

The security plan has been updated to include specifications on the lighting and motion detectors to be used for the rear of the building The security plan includes a third party contract alarm system, state-of-the-art video surveillance cameras and real time video monitoring of the front of the building, the entrance, the lobby, the dispensing area and the exterior front and rear of the building. The SANTA BARBARA COLLECTIVE's proposed location has steel bars on the windows and illumination to the exterior areas. (see Attachments (1) XIX SECURITY FLOOR PLAN OTHER SECURITY INFO(2) XII DOOR AND WINDOW SCHEDULE and (3) XV LIGHTING and CEILING PLAN for details).

All security guards used by the dispensary shall be licensed and employed by Mission Security. They will provide a security guard on premises from prior to opening until after closing, to secure premises and make sure all the staffs are off the property. We anticipate the guard will be present on duty from 30 minutes before opening to the members, until 30 minutes after closing. Duties will include reminding all collective members of the conduct and deportment expected while they are on the premises, opening and controlling the door from the waiting room to the service area, assisting members with disabilities, and responding to any disorderly conduct in the immediate vicinity of the entrances. Each security guard used shall possess a valid state Department of Consumer Affairs Security Guard Card at all times. Our security guards will not possess or carry firearms or tasers while working at the SANTA BARBARA COLLECTIVE.

SBMC §28.80.060.E.4. Security Cameras. The Security Plan shall show how the Property will be monitored at all times by closed-circuit television for security purposes. The camera and recording system must be of adequate quality, color rendition and resolution to allow the ready identification of an individual on or adjacent to the Property. The recordings shall be maintained at the Property for a period of not less than thirty (30) days.

Security Plans have been updated accordingly (See Previous attachment 6 Applicants Second Submission) Also (See Attachment XIX) Architect Security plan and other security Information): The property will be monitored at all times by closed-circuit television for security purposes. The camera and recording systems will be of adequate quality, color rendition, and resolution to allow the ready identification of an individual on or adjacent to the Property. The recordings will be maintained at the Property for a period of not less than thirty (30) days. Security cameras will be installed and monitored by Sentinel Security Solutions.

SBC will have several video cameras throughout the Dispensary. There will be a video camera (1) installed at the "main entrance" (#4) to capture individuals who walk in

and out. Two (2) video cameras will be installed in the "lobby/waiting room" (#1). An "employees only area" (#9) will be installed with (1) video camera. In addition, a video camera (1) will be installed outside of the "office" (#5) and one (1) in the parking lot. A live feed monitor that displays activity both indoors and outdoors will be placed on the security's desk. State of the art technology will be used to capture detailed videos, in color and high definition. This will allow the easy identification of individuals. Moreover, security cameras will be monitored 24 hours a day by both Ihab Ghannam (Management) through a system that will allow live viewing with any Smart Phone, Tablet, Laptop, or Computer while off premises. A digital video recorder will be connected to preserve recordings for a minimum of thirty (30) days. Frequent maintenance will be performed on equipment to ensure proper functioning.

Full description of video camera system is as follows:

- *Eight (8) FLIR Full HD 1080P 2.1MP Vandal Bullet Cameras, 3.6mm wide angle lens with 70FT IR night vision. Coverage will be throughout.*
- *One (1) Tripp lite 1000VA Battery Back-up*
- *One (1) Northern 21.5 LED Flat Screen Monitor w/ Mount*
- *One (1) FLIR 8 Channel 2TB Server, HDMI Output, PC/MAC Compatible, IPhone, IPad, and Android Mobile Apps, Built in 8 ports POE switch.*

**A live feed monitor will also be installed on security's desk for viewing of both indoors and outdoor activities.*

Installation and maintenance of security camera system will be completed by (Proposal Attached):

Sentinel Security Solutions, Inc. 200 S. 13th Street, Suite 105 Grover Beach, CA 93433 (805)773-6100

SBMC §28.80.060.E.5. Alarm Systems. The Operations Plan shall provide that professionally monitored burglary and fire alarm systems shall be installed and such systems shall be maintained in good working condition within the Storefront Collective Dispensary at all times.

SANTA BARBARA COLLECTIVE will contract with a local alarm company, and they will install a state-of-the-art burglary alarm system. The system is professionally monitored by the alarm company twenty-four hours a day. If the alarm is triggered, alarm personnel will immediately contact SANTA BARBARA COLLECTIVE managerial staff and if necessary, contact the Santa Barbara Police Department.

Alarm Systems. The Operations Plan shall provide that professionally monitored burglary and fire alarm systems shall be installed and such systems shall be maintained in good working condition within the Storefront Collective Dispensary at all times.

SBC will have professionally monitored burglar and fire alarm systems shall be installed and registered per the requirements in SBMC Chapter 9.100. Such systems shall be maintained in good working condition within the Storefront Collective Dispensary at all times. Santa Barbara Collective will have a professionally monitored and installed burglar and fire alarm system (See Previous attachment 6, 7, 8, and 9 Applicants Second Submission) (Also see attachment XIX).

Details of burglar and fire alarm system are as follows:

- *One (1) Master Control Panel and Touchscreen keypad (2Gig)*
- *One (1) Verizon CDMA Cellular Digital Communicator *with remote access using Internet or smartphone (Arm, Disarm, Reports, etc.)*
- *One (1) Transformer and battery Back Up*
- *One (1) Indoor Audible Siren*
- *One (1) Remote Entry Keychain*
- *Three (3) 2 Gig Door Contacts*
- *Two (2) 2 Gig Motion Detectors*

Installation, maintenance, and monitoring of alarm and fire system will be completed by (Proposal Attached):

Sentinel Security Solutions,
Inc. 200 S. 13th Street,
Suite 105 Grover Beach,
CA 93433 (805)773-6100

SBMC §28.80.060.E.6. Emergency Contact. A Operations Plan shall provide the Chief of Police with the name, cell phone number, and facsimile number of a Management Member to act as an on-site community relations staff person to whom the City may provide notice of any operating problems associated with the Storefront Collective Dispensary.

IHAB GHANNAM
(Senior Collective member/Management)
Phone/text: (805)345-5553
Fax: (805)967-7050
Email: ihab_ghannam@hotmail.com

ABRAHAM A. LABBAD
(In-House Counsel)
Phone/text: (818)253-1529
Fax: (818)530-9236
Email: abelabbad@gmail.com

SBMC §28.80.060.E.7. Public Nuisance. The Operations Plan shall provide for the Management Members of the Collective Dispensary to take all reasonable steps to discourage and correct objectionable conditions that constitute a public or private nuisance in parking areas, sidewalks, alleys and areas surrounding the premises and adjacent properties during business hours if directly related to the patrons of the subject Storefront Collective Dispensary.

SANTA BARBARA COLLECTIVE operating plan shall provide for the Management Members of the Collective Dispensary to take all *reasonable steps to discourage and correct objectionable conditions that constitute a public or private nuisance in parking areas, sidewalks, alleys and areas surrounding the premises and adjacent properties during business hours if directly related to the patrons of the subject Storefront Collective Dispensary. As a member of the SANTA BARBARA COLLECTIVE each patient must read and sign a "patient agreement form." The form clearly states that once the patient receives their medicine they must leave the facility and make their way off the premises. Furthermore, by having a security guard on premises, their presence should dissuade any activity that would be deemed a nuisance to the surrounding area. There will also be a camera feed to the security guard's desk monitor, which contains* all *the camera feeds of both inside and outside the building. One of our Collective staff members will tour the grounds, both front and rear of the building, every two hours and sign off to that effect in our daily log book. If need be, one or more of the management members will go outside to address the issue if it appears. We will also inform our collective members that if they were deemed a nuisance in any way, that their membership in the collective would be revoked. The patient member visiting the dispensary many times may suffer from a wide range of symptoms including limitations on ability and communication. To enhance the safety of the patient and the area, should a patient need assistance in exiting the area or neighborhood in a timely manner, a staff member or member volunteer will be dispatched to assist and escort them to their destination.*

SBMC §28.80.060.E.8. Loitering Adjacent to a Dispensary. The Operations Plan shall provide that the Management Members will take all reasonable steps to reduce loitering by Collective members in public areas, sidewalks, alleys and areas surrounding the Property and adjacent premises during the business hours of the Storefront Collective Dispensary.

As a member of the SANTA BARBARA COLLECTIVE, each patient must read and sign a "patient agreement form." The form clearly states that once the patient receives their medicine they must leave the facility and make their way off the premises, and there is to be no loitering. We will also inform each collective member that loitering on the sidewalk, in the parking lot, or anywhere around the building is unacceptable. Furthermore, by having a security guard on premises, their presence should dissuade any loitering around the building. If need be, a management member and/or staff member will go outside to address any issues if they appear. The patient member visiting the dispensary many times may suffer from a wide range of symptoms including limitations on ability and communication. To enhance the safety of the patient and the area, should a patient need assistance in exiting the area or neighborhood in a timely manner, a management and/or staff member will be dispatched to assist and escort them to their destination.

SBMC §28.80.060.E.9. Trash, Litter, Graffiti. *The Operations Plan shall provide that the Management Members will keep area which includes the sidewalks adjoining the Dispensary plus ten (10) feet beyond property lines (as well as any parking lots under the control of the Dispensary) clear of litter, debris, and trash.*

SANTA BARBARA COLLECTIVE shall provide that the Management Members will keep areas which include the sidewalks adjoining the Dispensary plus ten (10) feet beyond property lines (as well as any parking lots under the control of the Dispensary) clear of litter, debris, and trash.

SBMC §28.80.060.E. 10. Removal of Graffiti. The Operations Plan shall provide a method for the Management Members to promptly remove all graffiti from the Property and parking lots under the control of the Collective within 72 hours of its appearance.

SANTA BARBARA COLLECTIVE shall coordinate with landlord and building maintenance crews in regards to the color of paint used on the building. If graffiti is found, one of our management staff will promptly clean, pressure wash and repaint affected area with the building's matching paint. If graffiti is found on the window, solvents will be used to quickly remove any affected area. This will all be completed within a seventy-two hour period.

SBMC §28.80.060. F. Filing Requirements - Information Regarding Storefront Collective Dispensary Management. A Storefront Collective Dispensary Applicant shall also provide the following Management Member and Collective information as part of a Storefront Collective Dispensary application:

For security reasons, the addresses furnished to the City shall be kept with City Staff and the Police Department. The addresses are not to be posted on the planning department

website along with the application in order to protect the Collective and Management Member's safety. Issue to be discussed.

SBMC §28.80.060.F.1.The name, address, telephone number, title and function(s) of each Management Member;

On-site Manager. Manages day-to-day activity.

IHAB GHANNAM
(Senior Collective member/Management)
Phone/text: (805)345-5553
Fax: (805)967-7050
Email: ihab_ghannam@hotmail.com

SBMC §28.80.060.F.2. For each Management Member, a fully legible copy of one (1) valid government issued form of photo identification, such as a state driver's license or identification card. Acceptable forms of government issued identification include, but are not limited to, driver's license or photo identity cards issued by the state Department of Motor Vehicles (or equivalent) that meet REAL ID benchmarks, a passport issued by the United States or by a foreign government, U.S. Military ID cards (active duty or retired military and their dependents) or a Permanent Resident card.

SBMC §28.80.060.F.3. Written confirmation as to whether the Collective or a Management Member of the Collective previously operated in this or any other county, city or state under a similar license or permit, and whether the Collective or Management Member Applicant ever had such a license or permit revoked or suspended by and the reason(s) therefore.

No collective member has ever operated or volunteered in this or any other county, city or state under a similar license or permit, and no Collective or Management Member Applicant has ever had such a license or permit revoked or suspended.

SBMC §28.80.060.F.4. If the Collective is a corporation or a cooperative, a certified copy of the Collective's Secretary of State Articles of Incorporation, Certificate(s) of Amendment, Statement(s) of Information and a copy of the Collective's by laws.

The SANTA BARBARA COLLECTIVE is not a corporation. See 5.: Unincorporated Association.

SBMC §28.80.060.F.5. If the Collective is an unincorporated association, a copy of the articles of association;

*SANTA BARBARA COLLECTIVE is an unincorporated non-profit association. See attachment **I Bylaws and Article of Non Profit Association**.*

SBMC §28.80.060.F.6. The name and address of the Applicant's or Collective's current designated Agent for Service of Process:

ABRAHAM A. LABBAD
(In-House Counsel)
Phone/text: (818)253-1529
Fax: (818)530-9236
Email: abelabbad@gmail.com

SBMC §28.80.060.F.7. A. statement dated and signed by each Management Member, of the Collective, under penalty of perjury, that the Management Member has personal knowledge of the information contained in the Dispensary Application, that the information contained therein is true and correct, and that the application has been completed under the supervision of the identified Management Member(s);

See attachment VI_Ihab Ghannam Letters of No Criminal Record and personal knowledge of information contained herein.

SBMC §28.80.060.F.8. Whether Edible Medical Marijuana products will be prepared and distributed at the proposed Dispensary Property;

There will be Edible Medicinal Cannabis products distributed at SANTA BARBARA COLLECTIVE. They will include lozenges, tinctures, chocolates and cookies. Some of the edible products will only have CBD and other cannabinoids from the cannabis plant in them and will not contain THC, the psychoactive cannabinoid.

SBMC §28.80.060.F.9. The Property location or locations where any and all Medical Marijuana will be collectively cultivated by the Collective members and Management Members;

The property locations where the Medical Marijuana will be cultivated are: (For Security Reasons This information is available upon request) However Members BRETT ROSS, REC ID # C33991, and QUINN LOVELACE, REC ID # 39008247 600 have agreed to cultivate for SBC. *Our cultivation of Medical Marijuana will be limited to Collective members and Management Members only. Both properties are secure with someone on premises at all times. Both properties are not visible to any persons and/or neighbors. Both properties are located in Santa Barbara County and meet the requirements of SBMC 28.80.080. G. 3.*

Section 28.80.080 On-Going Management Requirements for Medical Marijuana Storefront Collective Dispensaries.

STOREFRONT COLLECTIVE DISPENSARY OPERATIONS SHALL BE MAINTAINED AND MANAGED ON A DAY-TO-DAY BASIS ONLY IN COMPLIANCE WITH THE FOLLOWING OPERATIONAL STANDARDS AND REQUIREMENTS:

SBMC §28.80.080.A. Criminal History. A Storefront Collective Dispensary permittee, including all Management Members of that permittee, shall not have been convicted of a felony or be on probation or parole for the sale or distribution of a controlled substance and shall remain free of such a conviction or probation during the period of time in which the Storefront Collective Dispensary is being operated.

SANTA BARBARA COLLECTIVE will not have, as a Management Member, anyone who has been convicted of a felony or is on probation or parole for the sale or distribution of a controlled substance.

SBMC §28.80.080.B. Minors. It shall be unlawful for any Storefront Collective Dispensary permittee, a Management Member of the permittee, or any other person effectively in charge of any Storefront Collective Dispensary to employ any person who is not at least 21 years of age. Persons under the age of twenty-one (21) years shall not be allowed on the premises of a Medical Marijuana Collective Dispensary. The entrance to a Storefront Collective Dispensary shall be clearly and legibly posted with a notice indicating that persons under the age of twenty-one (21) are precluded from entering the premises unless they are a qualified patient member of the Collective and they are in the presence of their parent or guardian.

SANTA BARBARA COLLECTIVE shall not have anyone as a patient member who is under the age of twenty-one (21) years of age unless it is requested by the parent or legal guardian. SANTA BARBARA COLLECTIVE shall not allow anyone on the premises who is under the age of twenty-one (21) years of age unless they are accompanied by their parent or guardian. SANTA BARBARA COLLECTIVE will post by the entrance to the Storefront Collective Dispensary a notice that clearly and legibly indicates that persons under the age of twenty-one (21) are precluded from entering the premises unless they are a qualified patient member of the Collective and they are in the presence of their parent or guardian.

SBMC §28.80.080.C. Storefront Collective Dispensary Size and Access The following access restrictions shall apply to all Storefront Collective Dispensaries permitted by this Chapter:

SBMC §28.80.080.C.1. A Storefront Collective Dispensary shall not be enlarged in size (i.e., increased floor area) without prior review and approval of the change from the Staff Hearing Officer and an

approved amendment to the existing Storefront Collective Dispensary permit pursuant to the requirements of this Chapter,

The building size of the dispensary is approximately 849 sq. ft.. There are no plans to make any changes to the floor area without approval by a Staff Hearing Officer, pursuant to SBMC 28.80.080.C, Storefront Collective Dispensary Size and Access.

SBMC §28.80.080.C.2. An expressly designated Management Member or Members shall be responsible for monitoring the Property of the Storefront Collective Dispensary for any nuisance activity (including the adjacent public sidewalk and rights-of-way) which may occur on the block within which the Storefront Collective Dispensary is operating.

Our onsite staff will be responsible for monitoring the property of the SANTA BARBARA COLLECTIVE for any nuisance activity (including the adjacent public sidewalk and rights-of-way) that may occur on the block within which the Storefront Collective Dispensary is operating. The rear door to the building will remain locked at all times and only accessed for emergency purposes only.

SBMC §28.80.080.C.3. Only Collective members as primary caregivers or qualified patients shall be permitted within a Storefront Collective Dispensary building for the purposes of cultivating, processing, distributing, or obtaining medical marijuana.

Only Collective members as primary caregivers or qualified patients shall be permitted within the SANTA BARBARA COLLECTIVE building for the purposes of cultivating, processing, distributing, or obtaining medical cannabis.

SBMC §28.80.080.C.4. A qualified patient or a primary caregiver shall not visit a Storefront Collective Dispensary without first having obtained a valid written recommendation from his or her licensed physician recommending the use of medical marijuana or, in the case of a primary caregiver, without first having been expressly designated a primary caregiver to a qualified patient as required by the Compassionate Use Act.

No qualified patient or a primary caregiver shall enter the SANTA BARBARA COLLECTIVE without first having obtained a valid written recommendation from his or her licensed physician recommending the use of medical marijuana or, in the case of a primary caregiver; without first having been expressly designated a primary caregiver to a qualified patient as required by the Compassionate Use Act.

SBMC §28.80.080.C.5. A qualified patient or primary caregiver may not obtain medical marijuana upon their first in-person visit to a Storefront Collective Dispensary and, instead, may only become a member of the Collective at the first visit to a particular Dispensary. Upon joining the Collective, a registered member of a Collective may obtain medical marijuana as a qualified patient or primary

caregiver only after an initial waiting period of 24 hours after their initial in-person visit to the Dispensary for the purposes of joining the Collective.

*Addressed in SANTA BARBARA COLLECTIVE "**Operations Plan** herein included beginning on Page 3 above"*

SBMC §28.80.080.C.6. Only a primary caregiver and qualified patient members of the Collective Dispensary shall be allowed within the designated marijuana dispensing area of a Storefront Collective Dispensary (as shown on the site plan required by the Application) along with only a necessary Management Members.

Only a primary caregiver and qualified patient members of the Collective Dispensary shall be allowed within the designated marijuana dispensing area of a Storefront Collective Dispensary (as shown on our site plan required by the Application) along with only a necessary Management Members.

SBMC §28.80.080.C.7. Restrooms with the Storefront Collective Dispensary shall remain locked and under the control of Collective Management Members at all times.

Restroom access will be available to all collective members and staff alike. it will be under the control of counter staff, which will control access by members from the service area to the rear for use of the restroom. The restroom will be brought up to current ADA standards for both members with disabilities and staff the bathroom door will meet the door hardware requirements of Chapter 11B of the 2013 California Building Code. SANTA BARBARA COLLECTIVE restroom is located in the rear of building behind a wall. There is an accessible access route from the dispensing area to the restroom. Upon request to use the restroom by a collective member/patient, they will be escorted back to use the restroom for security reasons.

D. Medical Marijuana Dispensing Operations. The following medical marijuana distribution restrictions and conditions shall apply to all of the day-to-day medical marijuana dispensing operations which occur within a City permitted Storefront Collective Dispensary:

SBMC §28.80.080.D.1. A Storefront Collective Dispensary shall only dispense to qualified patients or primary caregivers with a currently valid physicians approval or recommendation in compliance with the criteria of the Compassionate Use Act of 1996 and the SB 420 Statutes to those persons who are registered as active members of that Collective and may do so only during storefront dispensary operating hours of between eight o'clock in the morning (8:00 a.m.) through six o'clock in the evening (6:00 p.m.) Monday through Saturday only. The days and hours of the dispensary's operation shall be posted in a sign located on the street frontage of the dispensary premises in a manner consistent with the City's Sign Ordinance. Storefront Collectives Dispensaries shall require such persons receiving medical marijuana to provide valid official identification, such as a

Department of Motor Vehicles driver's license or State Identification Card each time they seek to obtain medical marijuana.

In order to stay in compliance with the criteria in California Health and Safety Code Section 11362.5 et seq., SANTA BARBARA COLLECTIVE will only dispense to qualified patients or caregivers with a current and valid physician recommendation and a State issued driver's license or identification card to prove they are a California resident. All documents will be verified prior to allowing access to the dispensing room and only after the 24-hour waiting period, as is the protocol. The rules of conduct, specifically including the points on the attachments, will be spelled out in a poster-sized sign located on the wall of the front waiting room, adjacent to the access door through to the service area, and visible directly behind the desk of the security guard. Thus every member who comes to the desk to sign in and request opening the door to the service area will be facing the poster displaying the rules.

Patients can only access cannabis at said location during storefront dispensary operating hours of between eight o'clock in the morning (8:00 am.) through six o'clock in the evening (6:00 p.m.), Monday through Saturday. The days and hours of the dispensary's operation shall be posted in a sign located on the street frontage of the dispensary premises in a manner consistent with the City's Sign Ordinance.

SBMC §28.80.080.D.2. Prior to dispensing medical marijuana, a Management Member of the Storefront Collective Dispensary shall obtain a re-verification from the recommending physician's office personnel that the individual requesting medical marijuana is or remains a qualified patient or a primary caregiver.

SANTA BARBARA COLLECTIVE will obtain verification from the recommending physician's office personnel that the individual requesting medical cannabis is or remains a qualified patient pursuant to state Health & Safety Code Section 11362.5. All recommendations are good for only one year. SANTA BARBARA COLLECTIVE will maintain a copy of the verified recommendation of each qualified collective patient/ caregiver on a physically secure computer. Hard copies of the patients/caregivers driver's license or Identification card and physician recommendation will be kept in securely locked filing cabinets. Patient's status will be checked on each visit to ensure that the physician's recommendation remains current. Patients with recommendations that are expiring soon will be notified. No patient or caregiver will receive medical cannabis unless the physician recommendation is validated and is also current.

SBMC §28.80.080.D.3. A Storefront Collective Dispensary shall not have a physician on-site to evaluate patients and provide a Compassionate Use Act recommendation for the use of medical marijuana.

SANTA BARBARA COLLECTIVE shall not have a physician on-site to evaluate patients and provide a Compassionate Use Act recommendation for the use of medical marijuana.

SBMC §28.80.080.D.4. Every Storefront Collective Dispensary shall display at all times during its regular business hours, the permit issued pursuant to the provisions of this Chapter for such Collective Dispensary in a conspicuous place so that the same may be readily seen by all persons entering the Storefront Collective Dispensary.

SANTA BARBARA COLLECTIVE shall display at all times during its regular business hours, the permit issued pursuant to the provisions of this Chapter for such Collective Dispensary in a conspicuous place so that the same may be readily seen by all persons entering the Storefront Collective Dispensary.

SBMC §28.80.080.D.5. No Storefront Collective Dispensary shall hold or maintain a license from the State Division of Alcoholic Beverage Control for the sale of alcoholic beverages, or operate a business on the premises of the Dispensary that sells alcoholic beverages. No alcoholic beverages shall be allowed or consumed on the premises.

SANTA BARBARA COLLECTIVE shall not hold or maintain a license from the State Division of Alcoholic Beverage Control for the sale of alcoholic beverages, or operate a business on the premises of the Dispensary that sells alcoholic beverages. No alcoholic beverages shall be allowed or consumed on the premises.

SBMC §28.80.080.D.6. Storefront Collective Dispensaries shall be considered commercial use relative to the parking requirements imposed by Santa Barbara Municipal Code Section 28.90.100(1).

SANTA BARBARA COLLECTIVE Storefront Collective Dispensary shall be considered commercial use relative to the parking requirements imposed by Santa Barbara Municipal Code Section 28.90.100(1).

SBMC §28.80.080.D.7. A notice shall be clearly and legibly posted in the Storefront Collective Dispensary indicating that smoking, ingesting, or consuming marijuana on the premises or in the vicinity of the Dispensary is prohibited. Signs on the premises shall not obstruct the entrance or windows. Address identification shall comply with Fire Department illuminated address signs requirements.

No patient, qualified caregiver or staff may consume, eat, or smoke cannabis on the premises. The Patient Agreement signed by every patient of the SANTA BARBARA COLLECTIVE clearly defines the consumption restrictions on the premises, accessory structures, parking lot or parking area and surroundings within 200 feet, by any collective member who receives their medical cannabis from the dispensary. Security personnel will

monitor site activity to ensure rules are being followed. SANTA BARBARA COLLECTIVE may suspend services to any qualified collective patient found to be in violation of the Patient Agreement form. Signs on the premises shall not obstruct the entrance or windows. Address identification shall comply with Fire Department illuminated address signs requirements.

SBMC §28.80.080.0.8. Business identification signage for Storefront Collective Dispensaries shall comply with the City's Sign Ordinance (SBMC Chapter 22.70) and be limited to that needed for identification only, consisting of a single window sign or wall sign that shall not exceed six square feet in area or 10 percent of the window area, whichever is less.

SANTA BARBARA COLLECTIVE will comply with the City's Sign Ordinance (SBMC Chapter 22.70) and be limited to that needed for identification only, consisting of a single window sign or wall sign that shall not exceed six square feet in area or 10 percent of the window area, whichever is less.

E. Dispensary Medical Marijuana On-Site Consumption and Re-Distribution Restrictions. The following medical marijuana consumption restrictions shall apply to all permitted Storefront Collective Dispensaries:

SBMC §28.80.080.E.1. Medical marijuana shall not be consumed by qualified patients on the Property or the premises of the Storefront Collective Dispensary.

The term "premises" includes the actual building, as well as any accessory structures, parking lot or parking areas, or other surroundings within 200 feet of the Collective Dispensary's entrance. Collective Dispensary management member employees who are qualified patients may consume marijuana within the enclosed building area of the premises, provided such consumption occurs only via oral consumption (i.e., eating only) but not by means of smoking or vaporization.

No patient, qualified caregiver or dispensary employee may consume, eat, smoke or vaporize cannabis on the premises. The Patient Agreement signed by every patient of the SANTA BARBARA COLLECTIVE clearly defines the consumption restrictions on the premises, accessory structures, parking lot or parking area and surroundings within 200 feet, by any collective member who have received medical cannabis from the dispensary. Security personnel will monitor site activity to ensure rules are being followed. SANTA BARBARA COLLECTIVE may suspend or terminate services to any qualified collective patient/caregiver found to be in violation of the Patient Agreement.

SBMC §28.80.080.E.2. Storefront Collective Dispensary operations shall not result in illegal redistribution or sale of medical marijuana obtained from the Collective Dispensary, or the use or distribution in any manner which violates state law.

The SANTA BARBARA COLLECTIVE will enforce a strict, zero-tolerance policy regarding the redistribution of medical cannabis. Any patient or caregiver found in violation of this policy immediately forfeits their access to the SANTA BARBARA COLLECTIVE and may never return to the dispensary. SANTA BARBARA COLLECTIVE will maintain an open channel of communication with the Santa Barbara Police Department to share any information regarding offenders found in violation of illegal redistribution.

SBMC §28.80.080.F. Retail Sales of Other Items by a Storefront Collective Dispensary. The retail sales of related marijuana use items at a Storefront Collective Dispensary may be allowed only under the following circumstances:

SBMC §28.80.080.F.1. With the approval of the Staff Hearing Officer, a Collective Dispensary may conduct or engage in the commercial sale of specific products, goods, or services (except drug paraphernalia) in addition to the provision of medical marijuana on terms and conditions consistent with this Chapter and applicable law.

SANTA BARBARA COLLECTIVE has no plans to sell specific products, Goods, or Services in addition to the provision of medical cannabis except for literature, clothing and jars.

SBMC §28.80.080.F.2. No Collective Dispensary shall sell or display for sale any drug paraphernalia or any implement that may be used to administer medical marijuana.

SANTA BARBARA COLLECTIVE wills not sell or display and drug paraphernalia or any implement that may be used to administer medical cannabis.

SBMC §28.80.080.G. Storefront Collective Dispensary - Compliance with the Compassionate Use Act of 1996 and SB 420 Statutes.

SBMC §28.80.080.G.1. State Law Compliance Warning. Each Collective Dispensary shall have a sign posted in a conspicuous location inside the Storefront Collective Dispensary advising the public of the following:

a. *The diversion of marijuana for non-medical purposes is a criminal violation of state law.*

b. *The use of marijuana may impair a person's ability to drive a motor vehicle or operate heavy machinery.*

c. *The sale of marijuana and the diversion of marijuana for nonmedical purposes are violations of state law.*

SANTA BARBARA COLLECTIVE shall have a sign posted in a conspicuous location inside the Storefront Collective Dispensary advising the public of the following:

a. *The diversion of marijuana for non-medical purposes is a criminal violation of state law.*

b. *The use of marijuana may impair a person's ability to drive a motor vehicle or operate heavy machinery.*

c. *The sale of marijuana and the diversion of marijuana for nonmedical purposes are violations of state law.*

SBMC §28.80.080.6.2. Not For Profit Operation of the Storefront Collective Dispensary.

No Medical Marijuana Storefront Collective Dispensary shall operate for profit. Cash and in-kind contributions, reimbursements, and reasonable compensation for services provided by Management Members and Collective members toward the Collective's actual expenses for the growth, cultivation, processing, and provision of Medical Marijuana to qualified patients of the Collective shall be allowed provided that such reimbursements are in strict compliance with the applicable provisions of the SB 420 Statutes. All such cash and in-kind reimbursement amounts and items shall be fully and properly documented in the financial and accounting records of the Collective Dispensary in accordance with and as required by the recordkeeping requirements of this Chapter.

SANTA BARBARA COLLECTIVE shall not operate for profit. Cash and in-kind contributions, reimbursements, and reasonable compensation for services provided by Management Members and Collective members toward the Collective's actual expenses for the growth, cultivation, processing, and provision of Medical Cannabis to qualified patients of the Collective is allowed provided that such reimbursements are in strict compliance with the applicable provisions of California State Law. All such cash and in-kind reimbursement amounts and items will be fully and properly documented in the financial and accounting records of the SANTA BARBARA COLLECTIVE in accordance with and as required by the recordkeeping requirements of this Chapter.

SBMC §28.80.080.G.3. Cultivation of Medical Marijuana by the Collective. The Collective cultivation of medical marijuana shall be limited to the Collective members and Management Members. Cultivation of medical marijuana by the Collective members and the Management Members shall occur exclusively within the boundaries of the counties of Santa Barbara, Ventura, or San Luis Obispo County and only at the real property

identified for such cultivation on the approved Storefront Collective Dispensary Permit application.

No cultivation of medical marijuana at any Property where the marijuana will be visible with the un-aided eye from any public or other private property, nor shall cultivated medical marijuana or dried medical marijuana be visible from the building exterior on the Property. No cultivation shall occur at the Property of the Collective unless the area devoted to the cultivation is secured from public access by means of a locked gate and any other security measures necessary to prevent unauthorized entry. Cultivation of medical manjuana by the SANTA BARBARA COLLECTIVE members and the Management Members shall occur exclusively within the boundaries of the counties of Santa Barbara, Ventura, or San Luis Obispo.

SBMC §28.80.080.G.4. Distribution of Medical Marijuana Within Santa Barbara Only.

SANTA BARBARA COLLECTIVE shall fully comply with SBMC §28.80.080.G.4 and the requirement Distribution of the medical cannabis collectively cultivated by some Collective members to other Collective members shall occur exclusively within the boundaries of the City of Santa Barbara and only at the real property identified as the permitted Dispensary location on the approved Storefront Collective Dispensary Permit application.

SBMC §28.80.080.G.5. Membership Limited to One Collective. Membership in a Collective which operates a Storefront Collective Dispensary within the City shall be limited to one Collective per qualified patient or primary caregiver. Each Collective shall also consist only of individuals residing with Santa Barbara County, as the term "principal residence" is defined in the federal Internal Revenue Code.

Membership in the SANTA BARBARA COLLECTIVE will be limited to one Collective per qualified patient or primary caregiver. SANTA BARBARA COLLECTIVE shall also consist only of individuals residing within Santa Barbara County, as the term "principal residence" is defined in the federal Internal Revenue Code.

SBMC §28.80.080.H. Maintenance of Appropriate Collective Records Regarding Cultivation and Compliance with the SB 420 Statutes.

SBMC §28.80.080.H.1. Cultivation Records. Every permitted Storefront Collective Dispensary shall maintain on-site (i.e., at the Property designated for the operation of the Storefront Collective Dispensary) the medical marijuana cultivation records of the Collective. These records shall be signed under penalty of perjury by each Management Member responsible for the cultivation and shall identify the location or locations within the counties of Santa Barbara, Ventura, or San Luis Obispo at which the Collective's

medical marijuana is being cultivated. Such records shall also record the total number of marijuana plants cultivated or stored at each cultivation location. The Storefront Collective Dispensary shall also maintain an inventory record documenting the dates and amounts of medical marijuana cultivated or stored at the Dispensary Property, if any, as well as the daily amounts of Medical Marijuana distributed from the permitted Dispensary.

SANTA BARBARA COLLECTIVE shall maintain on-site medical marijuana cultivation records of the Collective. These records shall be signed under penalty of perjury by each Management Member responsible for the cultivation and shall identify the location or locations within the counties of Santa Barbara, Ventura, or San Luis Obispo at which the SANTA BARBARA COLLECTIVE's medical marijuana is being cultivated. Such records shall also record the total number of marijuana plants cultivated or stored at each cultivation location. SANTA BARBARA COLLECTIVE shall also maintain an inventory record documenting the dates and amounts of medical marijuana cultivated or stored at the Dispensary Property, if any, as well as the daily amounts of Medical Cannabis distributed from our Dispensary.

SBMC §28.80.080.H.2. Membership Records. Every Storefront Collective Dispensary shall maintain full and complete records of the following membership information: a. the full name, date of birth, residential address, and telephone number(s) of each Collective member and Management Member, b. the date each Collective member and Management Member joined the Collective, 3. the exact nature of each Collective member's and Management Member's participation in the Collective, and 4. the current status of each member and Management Member as a Qualified Patient or Primary Caregiver.

SANTA BARBARA COLLECTIVE shall maintain full and complete records of the following membership information: a. the full name, date of birth, residential address, and telephone number(s) of each Collective member and Management Member, b. the date each Collective member and Management Member joined the Collective, 3. the exact nature of each Collective member's and Management Member's participation in the Collective, and 4. the current status of each member and Management Member as a Qualified Patient or Primary Caregiver.

SBMC §28.80.080.H.3. Financial Records. The Collective Dispensary shall also maintain a written accounting record or ledger of all cash, receipts, credit card transactions, reimbursements, (including any in-kind contributions), and any and all reasonable compensation for services provided by the Management Members or other members of the Collective, as well as records of all operational expenditures and costs incurred by the Storefront Collective Dispensary in accordance with generally accepted accounting practices and standards typically applicable to business records.

SANTA BARBARA COLLECTIVE shall also maintain a written accounting record or ledger of all cash, receipts, credit card transactions, reimbursements, (including any in-kind contributions), and any and all reasonable compensation for services provided by the Management Members or other members of the Collective, as well as records of all operational expenditures and costs incurred by the Storefront Collective Dispensary in accordance with generally accepted accounting practices and standards typically applicable to business records.

SBMC §28.80.080.H.4. Dispensary Record Retention Period. The records required above by subparagraphs (1), (2), and (3) of this subsection shall be maintained by the Medical Marijuana Collective Dispensary for a period of three (3) years and shall be made available to the City upon a written request, subject to the authority set forth in Section 28.80.090.

SANTA BARBARA COLLECTIVE records shall as required above by subparagraphs (1), (2), and (3) of this subsection shall be maintained by SANTA BARBARA COLLECTIVE for a period of three (3) years and shall be made available to the City upon a written request, subject to the authority set forth in Section 28.80.090.

Section 28.80100 Sale, Distribution, or Exchange of Medical Marijuana With a non-Medical Marijuana Collective Member.

SBMC §28.80.100.A. Transfers to or from a Non-Collective Member. A Storefront Collective Dispensary, including the Management Member operating the Dispensary, shall not cause or permit the sale, distribution, or exchange of Medical Marijuana or of any Edible Medical Marijuana product to any non-Collective Management Member or member. No Storefront Collective Dispensary shall possess medical marijuana that was not collectively cultivated by its Management Members or members either at the Property designated for the cultivation or at its prior location allowed in accordance with this Chapter.

SANTA BARBARA COLLECTIVE will not permit the sale, distribution, or exchange of Medical Marijuana or of any Edible Medical Marijuana product to any non-Collective Management Member or member. The SANTA BARBARA COLLECTIVE will not possess medical marijuana that was not collectively cultivated by its Management Members or members either at the Property designated for the cultivation or at its prior location allowed in accordance with this Chapter.

SBMC §28.80.100.B. Assistance for Edible Marijuana Products. Sales of edible medical marijuana products may be permitted at a Storefront Collective Dispensary and an individual or business within the City which assists a Dispensary in preparing and processing such a product will be deemed by the City as an "individual who provides assistance to a qualified patient or person with an identification card, or his or her designated primary caregiver, in administering medical marijuana to a qualified patient..." as that phrase is used in state Health and Safety Code section 11362.765(b)(3).

SANTA BARBARA COLLECTIVE acknowledges that the sales of edible medical marijuana products is permitted and an individual or business within the City which assists our Collective in preparing and processing such a product will be deemed by the City as an "individual who provides assistance to a qualified patient or person with an identification card, or his or her designated primary caregiver, in administering medical marijuana to a qualified patient..." as that phrase is used in state Health and Safety Code section 11362.765(b)(3).

Section 28.80.130 Transfer of Collective Dispensary Permits

SBMC §28.80.130.A. Permit - Site Specific. A permittee shall not operate a Storefront Collective Dispensary under the authority of a Storefront Collective Dispensary permit at any place other than the address of the Collective Dispensary stated in the application for the permit. All Collective Dispensary permits issued by the City pursuant to this chapter shall be non-transferable to a different location.

SANTA BARBARA COLLECTIVE will not operate a Storefront Collective Dispensary under the authority of a Storefront Collective Dispensary permit at any place other than the address of our Collective Dispensary as stated in the application for the permit. Our Collective Dispensary permit will be non-transferable to a different location, unless authorized by the City.

SBMC §28.80.130.B. Transfer of a Permitted Collective Dispensary. A permittee shall not transfer ownership or control of a Storefront Collective Dispensary or attempt to transfer a Collective Dispensary permit to another person unless and until the transferee obtains an amendment to the permit from the Staff Hearing Officer pursuant to the permitting requirements of this Chapter stating that the transferee is now the permittee. Such an amendment may be obtained only if the transferee files an application with the Community Development Department in accordance with all provisions of this Chapter accompanied by the required transfer review application *fee.*

SANTA BARBARA COLLECTIVE will not transfer ownership or control of our Storefront Collective Dispensary or attempt to transfer our Collective Dispensary permit to another person unless and until the transferee obtains an amendment to the permit from the Staff Hearing Officer pursuant to the permitting requirements of this Chapter stating that the transferee is now the permittee. Such an amendment may be obtained only if the transferee files an application with the Community Development Department in accordance with all provisions of this Chapter accompanied by the required transfer review application fee.

SBMC §28.80.130.C. Request for Transfer with a Revocation or Suspension Pending. No Storefront Collective Dispensary permit may be transferred (and no permission for a transfer may be issued) when the Community Development Department has notified the permittee in writing that the permit has been or may be suspended or revoked for non-compliance with this Chapter and a notice of such suspension or revocation has been provided.

The SANTA BARBARA COLLECTIVE permit may not be transferred (and no permission for a transfer may be issued) when the Community Development Department has notified the permittee in writing that the permit has been or may be suspended or revoked for non-compliance with this Chapter and a notice of such suspension or revocation has been provided.

SBMC §28.80.130.D. Transfer without Permission. Any attempt to transfer a Storefront Collective Dispensary permit either directly or indirectly in violation of this Chapter is declared void, and the permit shall be deemed revoked.

It is understood that any attempt to transfer our Storefront Collective Dispensary permit either directly or indirectly in violation of this Chapter is declared void, and the permit shall be deemed revoked.

Section 28.80.140 Medical Marijuana Vending Machines.

No person shall maintain, use, or operate a vending machine which dispenses marijuana to a qualified patient or primary caregiver unless such machine is located within the interior of a duly permitted Collective Dispensary.

SANTA BARBARA COLLECTIVE will not possess or operate a vending machine that dispenses cannabis to a qualified patient or primary caregiver unless such machine(s) is located within the interior of our duly permitted Collective Dispensary.

Section 28.80.150 Business License Tax Liability.

An operator of a Storefront Collective Dispensary shall be required to apply for and obtain a Business Tax Certificate pursuant to Chapter 5.04 as a prerequisite to obtaining a Storefront Collective Dispensary permit pursuant to the terms of this Chapter. When and as required by the State Board of Equalization, Storefront Collective Dispensary transactions shall be subject to sales tax in a manner required by state law.

SANTA BARBARA COLLECTIVE is aware of the following language: An operator of a Storefront Collective Dispensary shall be required to apply for and obtain a Business Tax Certificate pursuant to Chapter 5.04 as a prerequisite to obtaining a Storefront Collective Dispensary permit pursuant to the terms of this Chapter. When and as required by the State Board of Equalization, Storefront Collective Dispensary transactions shall be subject to sales tax in a manner required by state law.

CERTIFICATION OF APPLICATION AND VERIFICATION

I, **IHAB GHANNAM,** am the Applicant Member in this Application. I have read the application and all the facts contained therein and can certify that the responses are true to the best of my knowledge and recollection.

I declare under penalty of perjury that the foregoing is true and correct.

Executed at the City of North Hollywood, CA on August 24, 2015.

By: _____

IHAB GHANNAM

THE STARR FIRM
ATTORNEYS AT LAW

August 24, 2015

To: City of Santa Barbara
Planning Division

Re: Santa Barbara Collective
2609 De La Vina Street,
Santa Barbara, CA 93105

Dear City of Santa Barbara Representative:

Attached is the final application and supporting documents requested by the City of Santa Barbara Staff during the planning meeting and other communications.

Specifically, it was requested that certain information be provided in our application and its supporting documents, including:

1. **DETAILS ON SECURITY PERSONNEL STAFFING OF THE PREMISES. DESCRIBE THEIR DUTIES AND THEIR WORKING HOURS;**

2. **HOW MANY MANAGEMENT MEMBERS WILL THERE BE;**

3. **LIST OF GOODS AND SERVICES;**

4. **DESCRIBE HOW THE REAR DOOR AND SIDE DOOR WILL BE USED AND CONTROLLED; AND**

5. **SPECIFIC AREAS OF CONCERN IN THE APPLICATION DOCUMENTS INCLUDE THE FOLLOWING;**
   A. **purchasing inventory, and also mentions purchasing products from reputable sources;**
   B. **break-even point within one year;**
   C. **TCEF Inc**. "Who is this";

11123 Lemay Street, North Hollywood, CA 91606
Phone: (818) 253-1529 Fax: (818) 530-9236
Alabbad@TheStarrFirm.com

EXHIBIT B

D. Request that SBC's **Bylaws**;
E. Proof of management members' **principal residences**
F. **written agreement** signed by the **property owner concerning the 4 parking use**
G. Estimated profitability
H. Number of Estimated Patients members
I. Number of Estimated daily visits by Patients

I have addressed each concern in this letter in order to maximize ease and to provide a summary of city's concerns and SBC's specific position each of the city's concerns.

Also note that the information is a summary and more complete information is provided within SBC's application documents as well as all the supporting attachments with this letter.

6. SUMMARY OF MEMBER SALES PROCESS

1. DETAILS ON SECURITY PERSONNEL STAFFING OF THE PREMISES. DESCRIBE THEIR DUTIES AND THEIR WORKING HOURS.

Please see Applicant's SANTA BARBARA COLLECTIVE Medical Marijuana Storefront Collective pages 5-10 which addresses security concerns submitted on 8-24-15. Please see Attachment XIX which addresses City's security concerns.

2. HOW MANY MANAGEMENT MEMBERS WILL THERE BE?

Please see Attachment I, Page 3 (Article VI) Managing Member. Also please see Applicant's SANTA BARBARA COLLECTIVE Medical Marijuana Storefront Collective pages 10-11 submitted on 8-24-15.

3. Describe how patient members will be informed about the behavior that will be prohibited and behavior that will be expected. How will patients be informed of the types of behavior that will be prohibited? What are the consequences of nuisance behavior by members?

(Please see Applicant's SANTA BARBARA COLLECTIVE Medical Marijuana Storefront Collective pages 10 section 11 under **Posted Notice to Collective Member)** (Also see Attachment XX **Qualified Medical Cannabis member's verification and intake form**)

4. A LIST OF GOODS AND SERVICES.

Items to be sold are simply medical cannabis products consisting of the **Hemp flower** and **extracts from the hemp flower** for individuals who for multiple reasons cannot consume Cannabis by smoke. Such individuals will have a choice to consume the medical cannabis by eating edible products that are prepared with Cannabis extracts.

Edibles shall be in the form of baked goods as well as candy products. Edibles shall be made in the city of Santa Barbara by collective members who shall obtain all the necessary health and safety permits as well as all other state and local requirements. SBC is well informed of the restrictions that require that such products shall be limited to growers within the boundaries of the 3 counties including Santa Barbara, San Luis Obispo, and Ventura **counties.**

5. DESCRIBE HOW THE REAR DOOR AND SIDE DOOR WILL BE USED AND CONTROLLED.

SIDE DOOR: After meeting with City of Santa Barbara it was decided that the side door shall remain permanently sealed; access in or out from the side door will not be possible.

REAR DOOR: The rear door shall remain as an emergency exit only. Member access to SBC shall be the front door.

6. Additional operational items were imposed as conditions of approval on the 3617 State Street dispensary application that may be relevant to your application. See the attached Planning Commission minutes from the June 4, 2015 review of 3617 State Street.

7. SPECIFIC AREAS OF CONCERN IN THE APPLICATION DOCUMENTS INCLUDE THE FOLLOWING:

a. The Business Plan portion of the revised/corrected "Operation Plan Final" document received via email on June 23, 2015 contains references to purchasing inventory, and also mentions purchasing products from reputable sources. Staff is concerned that either you do not understand that marijuana must be cultivated within the collective, or that you intend to violate this requirement (SBMC §28.80.080.0.3). SBC is well informed of the restriction that requirements that such products shall be limited to growers within the boundaries of the 3 counties including Santa Barbara, San Luis Obispo, and Ventura **counties**. As of now, Santa Barbara Collective intends to obtain medical marijuana from two qualified Medical Patient (2) members:

- BRETT ROSS, REC ID # C33991, and
- QUINN LOVELACE, REC ID # 39008247 600

b. The Business Plan also mentions a **break-even point within one year**. Please explain.

The private funding By Managing Member Ihab Ghannam for this Business/Collective Plan outlines the major start-up costs associated with this business. Other costs include repair and maintenance, sales and upkeep expenses. Regular monthly expenses are estimated at $25,000 for paying the employee salaries and other regular business expenses. The Business is expected to generate $150,000 to $200,000 in the first year (*please note this is purely speculative; as a new business it is unclear if any net income shall be generated*).

Collective shall not operate for profit. Cash and in-kind contributions, reimbursements, and reasonable compensation for services provided by Managing Members and Collective members toward the Collective's actual expenses for the growth, cultivation, processing, and provision of Medical Marijuana to qualified patients of the Collective shall be allowed provided that such reimbursements are in strict compliance with the applicable provisions of the SB 420 statutes, and any other local or state statutes that are applicable. All such cash and in-kind reimbursement amounts and items shall be fully and properly documented in the financial and accounting records of the Collective Dispensary in accordance with and as required by the recordkeeping requirements of the Chapter.

c. The Patient Agreement Form mentions **TCEF Inc**. Who is this?

Applicant used a Template from the internet to generate its Patient Agreement Form and unintentionally left TCEF on the form instead of changing the form to indicate SBC as the party to the Patient Agreement Form.

d. Also on the **Patient Agreement Form** is a reference to purchasing marijuana. Please explain.

SBC is well informed of the restriction that requires that such products shall be limited to growers within the boundaries of the 3 counties including Santa Barbara, San Luis Obispo, and Ventura **counties**. As of now, Santa Barbara Collective intends to obtain medical marijuana from two qualified Medical Patient (2) members:

- BRETT ROSS, REC ID # C33991, and
- QUINN LOVELACE, REC ID # 39008247 600

No other suppliers are at this time identified.However, should the need for more products arise, SBC shall comply with the membership and residential requirements as they are set out by the City of Santa Barbara.

e. Provide a copy of the **Bylaws** of Santa Barbara Collective.

Articles of Registered Unincorporated Non-Profit Associations are attached as **Attachment I**. Such Articles are adopted by Managing Member Ihab Ghannam as the collective bylaws on June 6, 2015 (See page 5 which includes adoption language).

5. Provide proof that all managing members' **principal residences** are in Santa Barbara County (as "principal residence" is defined in Federal Internal Revenue code).

Please see Copy of Managing Members' California issued Driver's license.

6. Provide a written agreement signed by the property owner that you have the use of four parking spaces.

Please see attached **written agreement** signed by the **property owner** regarding the use of **four parking spaces.**

7. Criterion for Issuance number 4 (SBMC §28.80.070.B.4) evaluates the proposed dispensary for appropriate size. On page 10 of the Operation Plan is the statement: "The Business is expected to **generate $450,000 in the first year**."

The $450,000 was a typing error. It should have indicated or stated that Collective is expected to generate $150,000 to $200,000 in the first year (*please note this is purely speculative, as a new business it is unclear if any net income shall be generated*); As outlined in the application and the business plan as well as parts of the bylaws/ Articles of Registered Unincorporated Non-Profit associations (See Attachment II page 3 under **Future funding).**

Upon repayment of debts including startup costs and operating costs, Collective is likely not to have a positive income for 1 or maybe 2 years. After the initial startup costs are repaid to Managing Member Ihab Ghannam, Collective shall maintain the amount necessary for 6 to 12 months operation.

Should the Collective become profitable and Collective has generated the 6 to 12 months operation costs in reserve, Collective shall adjust its prices so that operation will break even.

A. How does this translate to **number of patient** members in the Collective?

Collective is expected to generate $150,000 to $200,000 in the first year (*please note this is purely speculative, as a new business it is unclear if any net income shall be generated*) as outlined in the application and the business plan as well as parts of the bylaws/ Articles of Registered Unincorporated Non-Profit associations. Applicant speculates that it shall maintain a member base of 2,500 to 5,000 qualified medical members. Due to the fact that each member's needs for medication is unknown, the translation of speculated profits and number of patients are very speculative and impossible to determine until such time that the Collective becomes operational for a sufficient time to allow for such calculation.

B. How many members are expected to visit the dispensary per day?

(*please note this is purely speculative, as a new business it is unclear if any net income shall be generated or how many members will visit SBC per day*); Due to the fact that each member's needs for medication is unknown, the translation of speculated profits and number of patients are very speculative and impossible to determine until such time that the Collective becomes operational for a sufficient time to allow for such calculation. However, applying the speculative

measures as requested, daily member visits can range from 25 to 50 and any number in between. It is likely that a minimum of 25 members will visit the Collective in any given day and no more than 50 visitors. It is anticipated that Collective members will be at SBC shop for 5 to 10 minutes to complete the transaction.

SUMMARY OF MEMBER SALES PROCESS:

This section is meant to provide a full disclosure and to provide a summary of the transaction. Once the SBC is open for operation Members who qualify will shall be allowed to purchase Medical Grade Cannabis in either the flower form or Medical Grade Cannabis in edible form. A member must become eligible by obtaining a recommendation from a physician who is qualified to provide such recommendation.

Once a member becomes eligible and has a physician's recommendation such member must visit the Dispensary location with proof of residence and the physician's recommendation.

Once inside the dispensary **security check** of the individual shall be conducted where member's physician's recommendation shall be verified, and that member is in the building for legal reasons, Security check shall include member's current residency to verify that SBC shall comply with the requirements that only Santa Barbara City Residence can become qualified members.

Should the potential Member lack the necessary qualifications i.e., (1) physician's recommendation, (2) Current ID, and (3) proof of residence, he is therefore considered a qualified member. Should the potential member fail to provide the required information such member will be asked to leave the building till such time that he or she can provide the necessary documents in order to be considered a qualified medical member.

One it's determined that the member if qualified and in good standing Qualified Medical Member shall be allowed via a security door access to SBC waiting room. Qualified Medical Member shall remain in SBC's waiting room until such time that a sales floor associate or employee is free to provide a one on one transaction in the sales room. Example: if two sales associates are available only two members shall be allowed into the sales and dispensing room.

Once a sales member is available Security shall inform waiting Qualified Medical Member that he or she can precede to the sales and dispensing room. A Second Security personal shall be in the sales and dispensing room at all-time including 30 minutes prior to opening its doors and 30 minutes after doors are closed to Qualified Medical Member. Access to the sales and dispensing room shall be controlled by security staff once it is clear by all the security procedures that it is safe to do so.

Once the Qualified Medical Member enters the sales and dispensing room he will be greeted by the available sales member who will complete the transaction. The transaction shall consist of informing Qualified Medical Member of what is available so that the Qualified Medical Member

can make an informed decision as to his or her needs and thereafter will purchase his or her chosen product.

Once the transaction is set to be completed the chosen item shall be placed in a sealed medical envelope that is stabled. Qualified Medical Member shall be informed that the seal should only be broken once Qualified Medical Member has reached his or her home or location designated individual's physician.

Thereafter the Qualified Medical Member shall leave and exit the building and the process will repeat with each Qualified Medical Member as described.

It should be specifically noted that two Security Guards shall be present all-time, including 30 minutes prior to opening its doors, and 30 minutes after doors are closed to Qualified Medical Member. One Security Member/Guard shall be involved in the initial intake, and the second Security Member/Guard shall administer access to the sales and dispensing room. Both Security Member/Guard shall have constant review of security cameras at all times. Additionally as noted in Applicants Security plans attached to Applicants 08/24/2015 application both Security member/Guards will have a monitor which will show all security camera feeds on a split screen. Both Security Member/Guards shall have constant communication with one another in order provide the necessary security.

For detailed information please see SBC application and supporting documents.

The Starr Firm
Law Offices of Abraham Labbad

Abraham A. Labbad, Esq.

Attached: **30 Day development Application Review Team (dart) Comments-Submittal #2**
Enclosure(s): Collective application and supporting documents

REVISED SECTION
SUBMITTED ON OCT 28, 2015

ARTICLES OF ASSOCIATION
SANTA BARBARA COLLECTIVE,

A California Unincorporated Non Profit Association

Upon Adoption this ARTICLE OF ASSOCIATION in combination with the BUSINESS and OPERATIONS PLAN (**Attached here as Addendum A**) shall constitute the Bylaws of **SANTA BARBARA COLLECTIVE"** ("SBC")

To further common purposes, the members agree to organize under these articles of association.

RECEIVED
OCT 28 2015
CITY OF SANTA BARBARA
PLANNING DIVISION

ARTICLE I.

NAME

The name of this association is and shall be: **"SANTA BARBARA COLLECTIVE"** ("SBC").

ARTICLE II.

PURPOSES AND POWERS

A. The Association is a nonprofit unincorporated association and is not organized for the private gain of any person. The Association is organized exclusively for mutual benefit purposes as a trade organization within the meaning of section 501(c)(6) of the Internal Revenue Code of 1986 [26 U.S.C.A. § 501(c)(6)] (or the corresponding section of any future United States internal revenue law) ("the Code"). Notwithstanding any other provision of these articles, the Association shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes of the Association, and the Association shall not carry on any other activities not permitted to be carried on: (a) by an organization exempt from federal income taxes under section 501(c)(6) of the Code; or (b) by an organization, contributions to which are deductible under section 170(c)(2) of the Code.

B. Specifically, Santa Barbara Collective is a mutual benefit nonprofit association established pursuant to California Revenue and Taxation Code Section ( ) and Internal Revenue Code ( ). This Association is to engage in any lawful act or activity for which an association may be organized under such laws and to provide, under the laws of the state of California, medical marijuana to Qualified Patients and their designated Primary Caregivers who associate at a particular location or Property within the City in order to collectively or cooperatively cultivate marijuana

for medical purposes and who, acting through Management Members, distribute the collectively cultivated medical marijuana to the members of their Collective at a storefront dispensary located within a non-residential zone of Santa Barbara, all in accordance with the Compassionate Use Act of 1996 (California Health and Safety Code sections 11362.5) and Health and Safety Code section 11362.7 through 11362.9.

ARTICLE III.

PRINCIPAL LOCATION

The principal location of the Association for the transaction of its business will be located at 2609 De La Vina Street, Santa Barbara, California 93105.

ARTICLE IV.

AGENT FOR SERVICE OF PROCESS

The name and address in the State of California of this association's initial agent for service of process is:

Abraham A. Labbad, Esq. (In-house Counsel)
11123 Lemay Street.
North Hollywood, CA 91606

ARTICLE V.

TAX-EXEMPT STATUS OF ASSOCIATION

Santa Barbara Collective shall not, incidentally or otherwise, afford or pay any pecuniary gain or remuneration to its members, if any, and no part of the net income or net earnings of Santa Barbara Collective shall, directly or indirectly, be distributable to or otherwise inure to the benefit of any private individual or member, as such, or any other person having a personal and private interest in the activities of, Santa Barbara Collective; provided, however, that Santa Barbara Collective may pay reasonable compensation for services rendered and property and supplies furnished to Santa Barbara Collective in furtherance of its purposes described in Article II hereof.

The association shall not participate in, or intervene in (including the publishing or distributing of statements) any political campaign on behalf of any candidate for public office.

The association shall not lend any part of its income or corpus, without the receipt of adequate security and a reasonable rate of interest, make any part of its services available on a preferential basis, make any purchase of securities or other property for more than adequate consideration in money or money's worth, sell any part of its security or property for less than adequate consideration in money or money's worth, or engage in any other transaction which results in a substantial diversion of its income or corpus to the founders or directors of the association a person who has made a substantial contribution to the association, a member of the family of an individual who is one of the founders or a director of the association or who has made a substantial contribution to the association, or to a association controlled by such founder or person through the ownership, directly or indirectly, of fifty percent or more of the total combined voting power of all classes of membership entitled to vote or fifty percent or more of the total value of shares of all classes of membership entitled to vote or fifty percent or more of the total value of all memberships of all classes of membership of the association.

Notwithstanding any of the above statements of purposes and powers, this association shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the specific purposes of this association.

ARTICLE VI.

Managing Member

The Managing member shall manage and direct the business and affairs of Santa Barbara Collective. The number, qualifications, term of office, method of appointment or election, powers, authority, and duties of the Trustees of Santa Barbara Collective, the time and place of their meetings, and such other provisions with respect to them as are not inconsistent with the express provisions of the Santa Barbara Collectives' Articles of Association shall be as specified in the Bylaws of the Santa Barbara Collective. Upon approval of dispensary application SBC shall hire co-managing members to assist in the management of SBC dispensary. Only the most senior managing member shall be vested with the powers to hire or terminate all other employees, or volunteers.

A. Managing Member shall consist of Ihab Ghannam.

B. If named Managing Member (Ihab Ghannam) cannot or is unwilling to perform management functions, Managing Member will provide 90 day notice to collective members. A new Managing member will be elected by vote of all members who wish to vote for a new Managing Member.

ARTICLE VII.

NO PERSONAL LIABILITY

Members, if any, Directors, and Officers of Santa Barbara Collective shall not be personally liable for the payment of any debts or obligations of Santa Barbara Collective of any nature whatsoever, nor shall any of the property of the members, if any, Directors, or Officers be subject to the payment of the debts or obligations of Santa Barbara Collective to any extent whatsoever. The liability of the Directors, Officers, and members, if any, of the association for monetary damages shall be eliminated to the fullest extent permissible under California law. The association is authorized to provide indemnification of agents (as defined in Section 317 of the Corporations Code) for breach of duty to the association and its members through bylaw provisions or through agreements with the agents, or both, in excess of the indemnification otherwise permitted by Section 317 of the Corporations Code, subject to the limits on such excess indemnification set forth in Section 204 of the Corporations Code.

ARTICLE VIII.

DISOLUTION

Santa Barbara Collective may be dissolved in accordance with the laws of the State of California. Upon dissolution, and after the payment of all liabilities and obligations of Santa Barbara Collective and all costs and expenses incurred by Santa Barbara Collective in connection with such dissolution, and subject always to the further provisions of this Article VIII, all remaining assets shall be distributed to and among such one or more organizations as are then exempt from federal income taxes under Section 501(a) of the Internal Revenue Code of 1986 as organizations described in Sections 170(c)(2) and 501(c)(3) of the Internal Revenue Code of 1986, all in such amounts or proportions as shall be determined by the Board of Directors of Santa Barbara Collective, by the affirmative vote of at least a majority of the total number of Directors of Santa Barbara Collective. Notwithstanding anything apparently or expressly to the contrary hereinabove contained in this Article VIII, (a) any assets then held by Santa Barbara Collective in trust or upon condition or subject to an executory or special limitation, if the condition or limitation occurs by reason of the dissolution of Santa Barbara Collective, shall revert or be returned, transferred, or conveyed in accordance with the terms and provisions of such trust, condition, or limitation; and (b) if the dissolution of Santa Barbara Collective is required by the laws of the State of California then in existence to

be conducted under court supervision, the dissolution of Santa Barbara Collective shall be so conducted, and its assets not described in clause (a) in this sentence shall be transferred or conveyed to such one or more organizations described in the proceeding sentence of this Article VIII. as the court may determine.

ARTICLE IX.

MEMBERS

Santa Barbara Collective shall have members and classes of members whom shall have the rights, obligations, and privileges from time to time provided in the Bylaws of Santa Barbara Collective.

ARTICLE X.

ADOPTION OF THIS ARTICLE OF ASSOCIATION IN COMBINATION WITH THE BUSINESS AND OPERATIONS PLAN AS PART OF THE BYLAWS OF SBC.

This Articles of Association in combination with the Business and Operation plan (**Attached here as Addendum A**) will be hereafter adopted as the Bylaws by the signature of managing partner. Such Business and Operation plan and Articles of Association in combination known as the Bylaws may be amended or repealed, in whole or in part, in the manner they provide, and the amendments to the bylaws shall be binding on all members, including those who may have voted against them

DATED: October 28, 2015

IHAB GHANNAM,
Managing Member

ADDENDUM A

SANTA BARBARA COLLECTIVE
BUSINESS AND OPERATIONS PLAN

Upon Adoption this BUSINESS and OPERATIONS PLAN (**Attached to the Articles of Association as Addendum A**) in combination with the ARTICLE OF ASSOCIATION shall constitute the Bylaws of **SANTA BARBARA COLLECTIVE"** ("SBC")

I. EXECUTIVE SUMMARY

Santa Barbara Collective, (hereinafter "Business") is intended to be formed as an unincorporated association located at 2609 De La Vina Street, Santa Barbara, California 93105, poised for rapid growth in the Medical Marijuana Dispensary industry. The Business seeks to take advantage of a window of opportunity for introducing a new Medical Marijuana and Edibles dispensary to the area. Additionally unlike most other dispensaries, Santa Barbara Collective shall invest a portion of its gross revenues to educate the general public as well as its qualified medical members as scientific advances become available.

A. MISSION STATEMENT:

Santa Barbara Collective is a qualified group of medical marijuana professionals dedicated to providing the highest quality medicine, service, and experience to registered medical marijuana patients. We are passionate about what we do and how we get it done. At Santa Barbara Collective we strive to enhance the lives of our Qualified Medical Cannabis patients with viable and safe medicine for an array of conditions.

B. BUSINESS DESCRIPTION:

The Business is to be organized as an unincorporated association formed and authorized under the laws of the state of California. An unincorporated association which is composed of four (4) or more Qualified Patients and their designated Primary Caregivers who associate at a particular location or Property within the City in order to collectively or cooperatively cultivate marijuana for medical purposes and who, acting through Management Members, distribute the collectively cultivated medical marijuana to the members of their Collective at a storefront dispensary located within a non-residential zone of Santa Barbara, all in accordance with the Compassionate Use Act of 1996 (California Health and Safety Code sections 11362.5) and Health and Safety Code section 11362.7 through 11362.9. Unincorporated association will be led by Ihab Ghannam, who will serve as the Business' CEO or Senior Collective Managing Member. Ihab Ghannam is experienced in the industry and will provide exceptional service and knowledgeable solutions in a secure environment and manner.

C. PRODUCT:

The Business distributes Medical Cannabis products and Medical Cannabis Edible products to medical patients and caregivers with valid doctor's recommendation as outlined and allowed under the following Medical marijuana rules: Medical patients and their designated primary caregivers may legally possess and cultivate (but not distribute or sell) marijuana under Health and Safety Code 11362.5 (Prop 215) if they have a physician's recommendation or approval. State law SB420, now codified as California Health & Safety code sections 11362.7-11362.83, set a state threshold of 6 mature OR 12 immature plants per patient, allowing locals to pass higher allowances (many cities and counties have local ordinances with zoning regulations). Read more on medical marijuana laws. (SBMC §28.80.080.0.3). SBC is well informed of the restriction that requirements that such products shall be limited to growers within the boundaries of the 3 counties including Santa Barbara, San Luis Obispo, and Ventura **counties**.

1. PRODUCT SPECIFICATIONS:

i. **Medical Grade Cannabis** that comply with California's and the City Santa Barbara's legal requirements, and
ii. **Edibles Medical Grade Cannabis** that comply with California's and the City Santa Barbara's legal requirements.

D. FUNDING:

There are no requests for funding. Initial investment will be from $150,000.00 to $175,000. The investment proceeds will be used as follows:

1. Startup Costs:

$50,000.00 to $75, 0000 for Application and other startup costs including legal fees and construction costs

2. Estimated Advertising Costs:

$20,000.00 to $30, 0000 This amount is earmarked for effectively marketing the products as described below in the Marketing Summary section of the Business Plan, internet presents which will include (1) web site development, (2) Facebook and other social presents management and other traditional methods such as new media advertising.

3. **Staffing**:

$20,000.00 to $50,000 shall be allocated for staffing. This portion of funding is intended for hiring employees to help process patient and caregiver verifications, dispense the products and assist in marketing and sales. Every employee or volunteer shall be fully educated and updated with all the current cannabis laws and rules in order to provide our qualified medical members with up to date medicals needs while complying with federal, state, and local rules laws and ordinances as they may apply.

4. **Purchasing Inventory**

$20,000.00 to $30,000 shall be allocated for inventory necessary to setup. All inventory such as cannabis products and edibles shall be purchased by vendors who located in Santa Barbara County and meet the requirements of SBMC 28.80.080.G.3.

5. **Security Equipment**

$5,000 to $10,000 is allocated for the installation of security system and equipment (see security plan submitted with Santa Barbara Collective application).

6. **Education**

Additionally unlike most other dispensaries, Santa Barbara Collective shall invest a portion of its gross revenues to educate the general public as well as its qualified medical members as scientific advances become available

7. **Future funding**

Santa Barbara Collective's financial projections forecast a break-even point in one (1) or two (2) years after commencement. Once collective become financially self-sustaining it is the intent of management to obtain working capital in the amount of expenses or overheads for 6 to 9 months including staffing and other costs.

Upon recouping said initial investment Dispensary, and after the working capital is raised and held for rainy days and so on, Collective shall adjust its prices in order break even after it pays for the costs of its operation.

II. BUSINESS SUMMARY

(Secretary of state of Californian Receipt and ARTICLE OF ASSOCIATION previously attached as attachment A)

The business is a start-up business, providing patients and caregivers with Medical Marijuana and Edibles. Business shall not operate for profit. Cash and in-kind contributions, reimbursements, and reasonable compensation for services provided by Management Members and Collective members toward the Collective's actual expenses for the growth, cultivation, processing, and provision of Medical Marijuana to qualified patients of the Collective shall be allowed provided that such reimbursements are in strict compliance with the applicable provisions of the SB 420 Statutes.

1. **Industry Overview**: The Medical Marijuana Dispensary industry in the United States currently generates $3 billion in annual sales. Annual revenue for the regional market where the business is located is estimated at $3.25 million in the greater Los Angeles area.

2. **Seasonal Factors**: The Business would only be influenced by the seasonal factors that affect our customers. The demand for our products is not expected to be limited to the typical down turn in the dull period months or annual holiday schedules.

3. **Position in the Industry**: The Business' location will be housed in a secure and safe environment and all products will be purchased from reputable sources. There will be separate units within the facility to accommodate the privacy of patients and caregivers from the public.

4. **Legal Issues**: The business is actively seeking to secure permit(s) and comply with all provisions of the Santa Barbara Municipal Code ("SBMC") for obtaining a permit for the storefront dispensary as well as complying with the Compassionate Use Act, the SB 420 statutes, and all other applicable local and state laws. Applicable rules and regulations in the County of Santa Barbara and in compliance with the State Compassionate Use Act of 1996 and the State Medical Marijuana Program Act ("the SB 420 statutes"), are not intended and do not interfere with a patient's right to use medical marijuana as authorized under the Compassionate Use Act or the SB 420 statutes, nor do they criminalize the possession or cultivation of medical marijuana by specifically defined classifications of persons, as authorized under the Compassionate Use Act. Under

the Compassionate Use Act of 1996 and the SB 420 statutes, only qualified patients, persons with identification cards, and primary caregivers may legally cultivate medical marijuana collectively and provide it to qualified patients or person with identifications cards.

Business has applied for a Business Tax Certificate pursuant to Chapter 5.04. as a prerequisite to obtaining a Storefront Collective Dispensary permit. Business transactions shall be subject to sales tax in a manner required by state law and The State Board of Equalization.

5. **Permitee**: Ihab Ghannam, the Senior Collective Managing Member or Members identified to the City by an Applicant as such and to whom a City Storefront Collective Dispensary permit may be issued and someone who also qualifies as a primary caregiver. Permitee is a member with responsibility for the establishment, organization, registration, supervision, and oversight of the operation of a Collective including, but not limited to, members who perform the functions of president, vice president, director, operating officer, financial officer, secretary, treasurer, or manager of the Collective. Permitee shall remain the sole managing member until such time when additional managing members become necessary for the operation of said collective. Where it becomes necessary to add an additional collective managing members, collective shall distribute applications to collective members. Any additional collective managing member will comply with all the regular application requirements including a live scan criminal background check and so on. It is the intent of Ihab Ghannam to remain the sole collective managing partner for the first 6 (six) months or till the collective operations make additional management staff necessary. Because Collective hours are restricted to 6 days per week Ihab Ghannam (Senior Collective Managing Member) will be on site during operation hours.

6. **Zoning**: Approved zoning per Ordinance No. 5526 Section 28.80.050 in the Upper De La Vina area (Upper De la Vina Area: 2600 - 2900 blocks of De la Vina Street). Permissible Zoning for Storefront Collective Dispensaries. Storefront Collectives Dispensaries may only be permitted and located on parcels within the City which are zoned for commercial uses and on those street block faces listed in the exhibit to this Chapter designated as "Medical Marijuana Storefront Collectives Dispensaries - Allowed Locations" dated as of June 22, 2010.

7. **Location**: A lease is secured at 2609 De La Vina Street, Santa Barbara, CA 93105 for two (2) years at $2500.00 per month. Lease commenced on January 1, 2015 and terminates on December 31, 2017. The location is within the City at which Medical Marijuana Collective members and Management members associate to collectively or cooperatively cultivate or to distribute Medical Marijuana exclusively to their Collective members.

8. **Floor Plan**. A floor plan attached shows lobby-waiting area at the entrance to the Storefront Collective Dispensary used to receive qualified patients or primary caregivers, and a separate and secure designated area for dispensing medical marijuana to qualified patients or designated primary caregiver's members of the Collective. The primary entrance shall be located and maintained clear of barriers, landscaping and similar obstructions so that it is clearly - visible from public streets, sidewalks or site driveways.

9. **Storage**. A suitable locked storage will be on the premises, identified and approved as a part of the operational security plan for the after-hours storage of medical marijuana

10. **Security Plan**. Business shall provide a plan for adequate security on the premises of the Dispensary, which shall be maintained in accordance with the Dispensary security plan, approved by the Chief of Police and as reviewed by the Staff Hearing Officer. This plan shall include provisions for adequate lighting and alarms in order to insure the safety of persons and to protect the premises from theft. Proposed Security Company used is licensed and employed by a state licensed private-party operator security company. Security guard used shall possess a valid state Department of Consumer Affairs "Security Guard Card" at all times. Security guards will not possess or carry firearms or tazers while working at a Collective Dispensary.

11. **Emergency Contact**: On• site community relations staff person(s) to whom the City may provide notice of any operating problems associated with the Storefront Collective Dispensary can be easily made with Ihab Ghannam (Senior Collective Managing Member) and Abraham A. Labbad (In-House Counsel). Both which will be available around the clock by text, phone, email, or fax. All matters whether big or small will be given equal attention.

IHAB GHANNAM
(Senior Collective Managing member)
Phone/text: (805)345-5553
Fax: (805)967-7050
Email: ihab_ghannam@hotmail.com

ABRAHAM A. LABBAD
(In-House Counsel)
Phone/text: (818)253-1529
Fax: (818)530-9236
Email: abelabbad@gmail.com

12. **Security Cameras**. The property will be monitored at all times by closed-circuit television for security purposes. The camera and recording systems will be of adequate quality, color rendition and resolution to allow the ready identification of an individual on or adjacent to the Property. The recordings will be maintained at the Property for a period of not less than thirty (30) days. Security cameras will be installed and monitored by Sentinel Security Solutions.

Santa Barbara Collective will have several video cameras throughout the Dispensary. There will be a video camera (1) installed at the "main entrance" (#4) to capture individuals who walk in and out. Two (2) video cameras will be installed in the "lobby/waiting room" (#1). An "employees only area" (#9) will be installed with (1) video camera. In addition, a video camera (1) will be installed outside of the "office" (#5) and one (1) in the parking lot. A live feed monitor that displays activity both indoors and outdoors will be placed on the security's desk. State of the art technology will be used to capture detailed videos, in color and high definition. This will allow the easy identification of individuals. Moreover, security cameras will be monitored 24 hours a day by both Ihab Ghannam (owner/operator) and Abraham A. Labbad (corporate attorney) through a system that will allow live viewing with any Smart Phone, Tablet, Laptop, or Computer while off premises. A digital video recorder will be connected to preserve recordings for a minimum of thirty (30) days. Frequent maintenance will be performed on equipment to ensure proper functioning.

Full description of video camera system is as follows:

- Eight (8) FLIR Full HD 1080P 2.1MP Vandal Bullet Cameras, 3.6mm wide angle lens with 70FT IR night vision. Coverage will be throughout.

- One (1) Tripp lite 1000VA Battery Back-up

- One (1) Northern 21.5 LED Flat Screen Monitor w/ Mount

- One (1) FLIR 8 Channel 2TB Server, HDMI Output, PC/MAC Compatible, IPhone, IPad, and Android Mobile Apps, Built in 8 ports POE switch.

Installation and maintenance of security camera system will be completed by (Proposal Attached):

Sentinel Security Solutions, Inc. 200 S. 13th Street, Suite 105 Grover Beach, CA 93433 (805)773-6100

13. **BURGLAR AND FIRE ALARM SYSTEM**: Professionally monitored burglary and fire alarm systems shall be installed and registered per the requirements in SBMC Chapter 9.100. Such systems shall be maintained in good working condition within the Storefront Collective Dispensary at all times. Santa Barbara Collective will have a professionally monitored and installed burglar and fire alarm system.

Details of burglar and fire alarm system are as follows:

- One (1) Master Control Panel and Touchscreen keypad (2Gig)

- One (1) Verizon CDMA Cellular Digital Communicator *with remote access using Internet or smartphone (Arm, Disarm, Reports, etc.)

- One (1) Transformer and battery Back Up

- One (1) Indoor Audible Siren

- One (1) Remote Entry Keychain

- Three (3) 2 Gig Door Contacts

- Two (2) 2 Gig Motion Detectors

Installation, maintenance, and monitoring of alarm and fire system will be completed by **Sentinel Security Solutions, Inc.** 200 S. 13th Street, Suite 105 Grover Beach, CA 93433 (805)773-6100

14. **Public Nuisance:** All reasonable steps to discourage and correct objectionable conditions that constitute a public or private nuisance in parking areas, sidewalks, alleys and areas surrounding the premises and adjacent properties during business hours if directly related to the patrons of the Dispensary. Security will be instructed to immediately correct the problem without delay. Santa Barbara Collective will operate on a "No Tolerance" policy.

15. **Loitering Adjacent to a Dispensary**. Management Members will take all reasonable steps to reduce loitering by Collective members in public areas, sidewalks, alleys and areas surrounding the Property and adjacent premises during the business hours of the Storefront Collective Dispensary. Loitering on or near premises will not be allowed and will be strictly enforced by security on duty. Accordingly, a sign(s) will be placed on the premises warning of "No Loitering" in accordance with California Penal Code Section 555.2. In cases of loitering, patients and loiterers will be informed that they must vacate the property and surrounding areas. Should the need arise patients will be warned of a ban from the Dispensary. Santa Barbara Collective will take loitering matters very seriously and will implement the "No Tolerance" policy.

16. **Trash, Litter, Graffiti**. Management Members will keep area, which includes the sidewalks adjoining the Dispensary, plus ten (10) feet beyond property lines (as well as any parking lots under the control of the Dispensary) clear of litter, debris, and trash. Keep premises and property clear of litter, debris, and trash. A maintenance company will be specifically hired to care for and keep tidy the premises and all surrounding areas including the parking lot on a daily basis.**Landlord will also provide periodical cleanup of premises.**

17. **Removal of Graffiti.** Although requirements for the removal of graffiti are within 72 hours we will exceed that expectation by completing the cleanup within 24 hours.

"Maintenance" will be provided with sources for the immediate removal of graffiti. Santa Barbara Collective will stay free from undesirable graffiti at all times

III. MARKETING SUMMARY

Target Markets. The main target markets for the business include:

1. **Patients and caregivers** with valid physician's recommendations in the surrounding areas of Santa Barbara County.

2. **Competition**. No more than one Storefront Collective Dispensary may open or operate in each of the areas of the City designated as allowed or permissible Collective Dispensary location areas.

   As of currently, there are no said dispensaries within the Santa Barbara County that creates a competitive environment amongst business. Furthermore, it is our belief that shall there be competition for us in the future our exceptional customer service, safe and clean facility, and the magnitude of confidentiality will set us apart from other dispensaries.

3. **Services**. The business intends to provide exceptional, personalized service, which will be the crucial factor in building and protecting the Santa Barbara Collective's brand within the community. The business intends to handle customer concerns and issues with a customer oriented focus with commitment of providing timely resolution and preventing the loss of customers.

IV. IMPLEMENTATION SUMMARY

Company Goals and Objectives: Our goal at Santa Barbara Collective is to build a reputable business and provide medication to patients and caregivers for various remedial purposes.

V. MEMBERS AND RECORDS

Qualified Patient: Only Collective members as primary caregivers or qualified patients shall be permitted within a Storefront Collective Dispensary building for the purposes of cultivating, processing, distributing, or obtaining medical marijuana.

A qualified patient or a primary caregiver shall not visit a Storefront Collective Dispensary without first having obtained a valid written recommendation from his or her licensed physician recommending the use of medical marijuana or, in the case of a primary caregiver, without first having been expressly designated a primary caregiver to a qualified patient as required by the Compassionate Use Act.

A qualified patient or primary caregiver may not obtain medical marijuana upon their first in- person visit to a Storefront Collective Dispensary and, instead, may only become a member of the Collective at the first visit to a particular Dispensary. Upon joining the Collective, a registered member of a Collective may obtain medical marijuana as a qualified patient or primary caregiver only after an initial waiting period of 24 hours after their initial in-person visit to the Dispensary for the purposes of joining the Collective.

Only a primary caregiver and qualified patient members of the Collective Dispensary shall be allowed within the designated marijuana dispensing area of a Storefront Collective Dispensary (as shown on the site plan required by the Application) along with only a necessary Management Members.

Business shall not have a physician on-site to evaluate patients and provide a Compassionate Use Act recommendation for the use of medical marijuana.

As part of the verification process, the business plans the following:

All employees must know the Rules and Procedures of how things are properly conducted with patients and caregivers.

First Time Patients: For a first time patient, patients must have a valid California Driver's License, along with an updated physician's recommendation. Without these two things patients are not allowed to enter the medical marijuana room, and must be asked to leave the premises. Patients who have both things must be asked to fill out a "California Nonprofit Incorporated Patient Association Form." Each form requires a signature from patient stating that, "the patient accepts and understands all rules and regulations" of the Business.

Verification process: A patient's recommendation from a physician will have the following: Name of clinic, address, name of Physician, 24 hour online verification number, and a medical record number. Using the abovementioned you can verify validity of a patient's recommendation at any time and must do so each time a new patient requests services.

Renewal Patients: Renewal patients must have an updated recommendation along with their valid California driver's license. The same steps as a "new patient" should be followed for renewal patients. A renewal patient must fill out a new "California Nonprofit Incorporated Patient Association Form."

A very important practice is keeping patient's files updated at ALL TIMES!

Returning Patients on a daily basis: Patients who come on a daily basis are allowed to come up to 3 times a day. Even if a patient has come in more than one time a day, they must be checked in. Patients who exceed the 3 time maximum daily limit will be turned away, unless patient **has a justifiable and verifiable medical reason**.

New Patients and Renewal Patients must be updated in the Address Book gas software system. A copy of their valid recommendation and California driver's license must be secured and retained. Updated recommendations, along with driver's licenses must be secured and retained until the expiration date.

Address Book GAS software is used to keep track of all patients and caregivers.

The system will keep and store the following information:

- Full name
- Date of birth
- Residential address and telephone number(s)
- Date each Collective member and Management Member joined the Collective
- Exact nature of each Collective member' s and Management Member 's participation in the Collective

- Current status of each member and Management Member as a Qualified Patient or Primary Caregiver

This is a simple and efficient way of checking in patients and caregivers to the system. Additionally, the software stores information securely and keeps the patient's information private.

After a patient is checked- in and the medical marijuana dispensing room is full the patient will be asked to wait in the lobby area until they are called in.

Operation Plan. When a patient walks in an electronic buzzer that unlocks the door will allow them in. Once they walk in they will go to the reception area and register as a new patient. A new patient application will be given to be filled out and a copy of their identification or driver license will be copied and kept for record. Once all paperwork has been completed they will be reminded of the 24 hour wait period. For return patients they will walk to the reception window and give their identification card for the receptionist to verify. Once they are verified as active members they will be allowed into the waiting room with the same electronic locking and unlocking system. In the waiting room will be couches, chairs, table, and a television. There will be a maximum of two (2) patients allowed into the dispensing area. If the dispensing area is clear for patient then a member of the dispensary will call them in.

Restrooms will automatically lock and only a key that will be kept in the reception area will be given to verified patients. A patient will not be allowed to take any medical marijuana into the restroom and must either go before they are provided with or leave the medical marijuana safely in the dispensing area with the dispensary member.

The **back door** will remain locked at all times and only allowed to be used by employees. The side door will also remain locked at all times and will only be used to take out trash.

Trash bins will securely remain locked at all times.

There will be **No Smoking allowed on premises**. Signs will be displayed outside and inside. This will assure that there will be no odors.

Medical Cannabis will be stored in containers. Containers have seals that produce almost no odor.

VI. CULTIVATOR(S)

As of now, Santa Barbara Collective intends to obtain medical marijuana from two qualified Medical Patient (2) members:

- BRETT ROSS, REC ID # C33991, and
- QUINN LOVELACE, REC ID # 39008247 600

Business will maintain on-site the medical marijuana cultivation records of the Collective. These records shall be signed under penalty of perjury by each Management Member responsible for the cultivation and shall identify the location or locations within the counties of Santa Barbara, Ventura, or San Luis Obispo at which the Collective's medical marijuana is being cultivated.

Such records shall also record the total number of marijuana plants cultivated or stored at each cultivation location. The Storefront Collective Dispensary shall also maintain an inventory record documenting the dates and amounts of medical marijuana cultivated or stored at the Dispensary Property, if any, as well as the daily amounts of Medical Marijuana distributed from the permitted Dispensary.

There will be no marketing campaigns. Santa Barbara Collective will be listed on a dispensary directory (Weedmaps.com) and various other online medical marijuana dispensary directories. Potential patients and caregivers in the area may locate the dispensary with a search engine directly intended for that purpose.

Exit Strategy. The Company anticipates exiting its operations through one of the following ways:

- Liquidate Assets
- Pay all taxes and government fees
- Pay all outstanding debts if any and
- Follow all existing law and guidelines necessary during the dissolution of said collective.

VII. FINANCIAL PLAN

The private funding for this Business Plan outlines the major start-up costs associated with this business. Other costs include repair and maintenance, sales and upkeep expenses. Regular monthly expenses are estimated at $25,000 for paying the employee salaries and other regular business expenses. The Business is expected to generate $150,000 in the first year.

Business shall not operate for profit. Cash and in-kind contributions, reimbursements, and reasonable compensation for services provided by Management Members and Collective members toward the Collective's actual expenses for the growth, cultivation, processing, and provision of Medical Marijuana to qualified patients of the Collective shall be allowed provided that such reimbursements are in strict compliance with the applicable provisions of the SB 420 Statutes, and any other local or state statutes that are applicable. All such cash and in-kind reimbursement amounts and items shall be fully and properly documented in the financial and accounting records of the Collective Dispensary in accordance with and as required by the recordkeeping requirements of the Chapter.

VIII. MANAGEMENT

Upon approval of dispensary application SBC shall hire co-managing members to assist in the management of SBC dispensary. Only the most senior managing member shall be vested with the powers to hire or terminate all other employees, or volunteers.

X. ADOPTION OF THIS BUSINESS AND OPERATIONS PLAN IN COMBINATION WITH THE ARTICLE OF ASSOCIATION AS PART OF THE BYLAWS OF SBC.

This Business and Operation plan (**Attached to the Articles of Association as Addendum A**) in combination with the Articles of Association will be hereafter adopted as the Bylaws by the signature of managing partner. Such Business and Operation plan and Articles of Association in combination known as the Bylaws may be amended or repealed, in whole or in part, in the manner they provide, and the amendments to the bylaws shall be binding on all members, including those who may have voted against them.

DATED: October 28, 2015

IHAB GHANNAM,
Managing Member

SANTA BARBARA COLLECTIVE

A California Nonprofit Unincorporated Patient Association

I, _____, hereby affirm that I am a resident of the County of Santa Barbara.

Hereby states that as qualified patient or a primary caregiver who has received a valid physician's recommendation for the use of medical marijuana in accordance with the California Health and Safety Code 11362.5 ("Proposition 215" or "Compassionate Use Act of 1996") and article 2.5, commencing with Section 11362.7, to Chapter 6 of Division 10 of the California Health and Safety Code ("SB 420"), wish to voluntarily join and become a member of SBC, (The "Collective") and agree to follow the terms and conditions as set forth in this application and agreement.

1. I understand that the Collective is a nonprofit unincorporated patient association formed in order to facilitate collaborative and cooperative efforts, including allocation of costs and reimbursements, for the exclusive and mutual benefit of its member patients and care givers. I understand and agree that as a member I will be asked to contribute a comparable amount of money, property and/or labor as my equitable contribution for the collective cultivation of marijuana for the personal medical needs of all members. I also understand and agree that the Collective will seek to distribute an approximately equal share of marijuana produced to each member or, if the medical needs of the individual members vary, that the medicine will be distributed in accordance with the individual members' needs and contributions received. Further, I understand and agree that the quantity and the specific nature of the contributions from the individual members will be based on their individual preferences, talents, knowledge and/or skill and that some members will receive monetary reimbursements for their costs, expenses and labor involved in the cultivation and, if needed, transportation of medical marijuana to other fellow collective members. I have been advised about the choice of types of equitable contributions I may choose to make to the Collective in exchange for medicine.
   Patient/Member Initials: _____

2. I hereby declare under the penalty of perjury under the laws of the state of California that a medical doctor recommended or approved my use of medical marijuana for an illness for which cannabis provides relief in accordance with the Compassionate Use Act of 1996 and SB 420.
   Patient/Member Initials: _____

3. I agree to possess my original, or true and correct copy, of my physician's recommendation, when I am on the property used by or belonging to Santa Barbara Collective. I understand that my failing to do so may result in the termination of membership and that verbal recommendations from physicians will not be accepted. I hereby agree to all future changes of Santa Barbara Collective's policies as the laws relating to access to medical marijuana might change. I further agree to provide the Collective with all changes relating to my contact information as well as my status as a qualified patient.
   Patient/Member Initials: _____

4. I hereby affirm that I am over the age of 21 (twenty-one) and have a California issued DL or Identification to prove my age.
   Patient/Member Initials: _____

5. I hereby confirm and agree that my recommended cannabis shall not be sold, bartered, traded, exchanged in any other means to any other persons.
   Patient/Member Initials: _____

EXHIBIT D

6. I agree and understand that I must be courteous and considerate to all Santa Barbara Collective employees, volunteers, and other collective members, etc. I understand that my collective membership is a privilege, which can be revoked at ANY TIME for ANY REASON!
Patient/Member Initials: _____

7. I agree **NOT** to solicit, loiter, or litter on or around Santa Barbara Collective premises within a 400-foot radius. There will be negative consequences to collective membership, which can ultimately lead to the revocation of membership privileges.
Patient/Member Initials: _____

8. I agree to be respectful and courteous to businesses and residences neighboring Santa Barbara Collective. I agree to not be noisy or play loud music, in or around Santa Barbara Collective premises; and further agree not to DISTURB or INTERRUPT any businesses neighboring Santa Barbara Collective.
Patient/Member Initials: _____

9. I understand and agree not to medicate (via smoking or otherwise) within a 400-foot radius of Santa Barbara Collective. Only exception is if private residence falls within the 400-foot radius of Santa Barbara Collective.
Patient/Member Initials: _____

10. As a member, I hereby appoint and designate Santa Barbara Collective and their representatives, as any true and lawful agents for the limited purpose of assisting me in obtaining my legally recommended medical marijuana. I understand that this means that Santa Barbara Collective will be required to cultivate, possess, transport, and/or distribute medical marijuana exclusively for member patients or primary caregivers. Therefore, I grant other fellow members the limited authority to engage in the afore-mentioned tasks, as required. I further agree and authorize Santa Barbara Collective and its members to use information relating to my status as a qualified patient as use of such information becomes reasonably necessary for providing my medical marijuana for my medical benefit as a qualified patient.
Patient/Member Initials: _____

11. I authorize Santa Barbara Collective to create and/or assign agency rights in its own name for the purpose of growing marijuana for my personal medical reasons as well as for the medical benefit of other members of the Collective.
Patient/Member Initials: _____

12. As a member, I understand that Santa Barbara Collective has other members who have joined and agreed to uphold the Collective's rules and spirit by, among other things, signing a similar membership agreement. I hereby authorize Santa Barbara Collective to possess the medical marijuana as described under this agreement jointly with other members of the Collective under similar agreements. I agree that the medical marijuana possessed by Santa Barbara Collective is at any time the collective property of every patient who has joined the Collective, subject to Santa Barbara Collective's rules and guidelines established by and for the Collective, for the purpose of handling medical marijuana for the exclusive benefit of member patients.
Patient/Member Initials: _____

13. I agree to pay Santa Barbara Collective all personal out-of-pocket expenses and reasonable compensation for services related to providing medical marijuana to me and other member patients.
Patient/Member Initials: _____

14. I hereby verify that I am a resident of California and my personal medical marijuana will not be taken out of the state of California. I further verify and agree that medical marijuana shall not be shared, sold, bartered, traded, exchanged, or delivered by any means to any other person for medical or other reasons. I understand that diversion of medical marijuana for non-medical purposes and/or to other individuals shall be grounds for immediate

termination of membership. I also agree to request amount of medicine strictly for my personal use at a reasonably necessary intervals.
Patient/Member Initials: _____

15. I understand and agree that adherence to all of the rules of Santa Barbara Collective is the collective responsibility of all patient members, including myself, I agree that any violation of the terms of this Agreement or any other Collective member rules are grounds for the termination of any membership.
Patient/Member Initials: _____

16. I understand and agree that while medical cannabis has been authorized by both people of the state of California and its legislature, and consistently upheld by all California courts, the Federal Government persists in enforcing portions of the Controlled Substances Act, which makes the possession and use of medical cannabis a federal crime. I hereby certify that an authorized agent of Santa Barbara Collective has advised I that possession and use of marijuana for medical purposes might be grounds for prosecution under federal law.
Patient/Member Initials: _____

17. I have read over this entire Santa Barbara Collective Membership Application and Agreement and certify that an authorized agent of Santa Barbara Collective has personally gone over and explained fully to me each paragraph of this agreement and that I have been provided a copy of this agreement.
Patient/ Member Initials: _____

I hereby affirm that I have read, understand and agree to the terms of SANTA BARBARA COLLECTIVE Membership Application and Agreement. Further, I declare under the penalty of perjury that the above is true and correct to the best of my knowledge.

Executed on this ____ day of _____ 2015, in the county of Santa Barbara, State of California.
DAY MONTH

Patient/Member Name (Print): _____

Patient/Member Signature: _____

Authorized Collective Agent: _____

RECEIVED
AUG 25 2015
CITY OF SANTA BARBARA
PLANNING DIVISION

Medical Marijuana Storefront Collective Dispensary Permit Application

ANTICIPATED APPROVAL CRITERIA

SANTA BARBARA COLLECTIVE

ANTICIPATED APPROVAL CRITERIA

Describe how the dispensary meets the criteria below. Staff recommends that you add a discussion below each criterion in this Microsoft Word document. You can block and move this discussion into m letter or other format of your choice.

Section 28.80.070 Criteria for Review of Collective Dispensary Applications by the City

Staff Hearing Officer.

SBMC §28.80.070.A. Decision on Application. Upon an application for a Storefront Collective Dispensary permit being deemed complete, the Staff Hearing Officer shall either issue a Storefront Collective Dispensary permit, issue a Storefront Collective Dispensary permit with conditions in accordance with this Chapter, or deny a Storefront Collective Dispensary permit.

SBMC §28.80.070.BCriteria for Issuance. The Staff Hearing Officer, or the City Council on appeal, shall consider the following criteria in determining whether to grant or deny a Medical Marijuana Storefront Collective Dispensary permit:

SBMC §28.80.070.C.1. That the Collective Dispensary permit and the operation of the proposed Dispensary will be consistent with the intent of the Compassionate Use Act of 1996 and the SB 420 Statutes for providing medical marijuana to qualified patients and primary caregivers and the provisions of this Chapter and with the Municipal Code, including the application submittal and operating requirements herein.

SANTA BARBARA COLLECTIVE activities will be consistent with the intent of the Compassionate Use Act of 1996 and the SB 420 Statutes for providing medical cannabis to qualified patients and primary caregivers and the provisions of this Chapter and with the Municipal Code, including the application submittal and operating requirements herein.

SBMC §28.80.070.C.2. That the proposed location of the Storefront Collective Dispensary is not identified by the City Chief of Police as an area of increased or high crime activity.

EXHIBIT E

To the best of our knowledge the proposed location has not been identified by the City Chief of Police as an area of increased or high crime activity.

SBMC §28.80.070.C.3. For those applicants who have operated other Storefront Collective Dispensaries within the City, that there have not been significant numbers of calls for police service, crimes or arrests in the area of the applicants former location.

Not applicable.

SBMC §28.80.070.C.4. That issuance of a Collective Dispensary permit for the Collective Dispensary size requested is appropriate to meet needs of community for access to medical marijuana.

The issuance of our Collective Dispensary permit for the Collective Dispensary size requested is appropriate to meet the needs of the community for access to medical cannabis.

SBMC §28.80.070.C.5. That issuance of the Collective Dispensary permit would serve needs of City residents within a proximity to this location.

By issuance of our Collective Dispensary permit we will serve the needs of our City residents, especially those in the upper ~~State Street area~~. De Lavina and surrounded Area.

SBMC §28.80.070.C.6. That the location is not prohibited by the provisions of this Chapter or any local or state law, statute, rule, or regulation and no significant nuisance issues or problems are likely or anticipated and that compliance with other applicable requirements of the City's Zoning Ordinance will be accomplished.

This location is not prohibited by the provisions of this Chapter or any local or state law, statute, rule, or regulation and no significant nuisance issues or problems are likely or anticipated and that compliance with other applicable requirements of the City's Zoning Ordinance will be accomplished.

SBMC §28.80.070.C.7. That the Dispensary's Operations Plan, its site plan, its floor plan, the proposed hours of operation, and a security plan have incorporated features necessary to assist in reducing potential crime-related problems and as specified in the operating requirements section. These features may include, but are not limited to, security on-site; procedure for allowing entry; openness to surveillance and control of the premises; the perimeter, and surrounding properties; reduction of opportunities for congregating and obstructing public ways and neighboring property; illumination of exterior areas; and limiting furnishings and features that encourage loitering and nuisance behavior.

Our Dispensary's operations plan, site plan, floor plan, proposed hours of operation, and a security plan have incorporated features necessary to assist in reducing potential crime-

related problems and as specified in the operating requirements section. SANTA BARBARA COLLECTIVE features security on-site; procedure for allowing entry; openness to surveillance and control of the premises; the perimeter, and surrounding properties; reduction of opportunities for congregating and obstructing public ways and neighboring property; illumination of exterior areas; and limiting furnishings and features that encourage loitering and nuisance behavior.

SBMC §28.80.070.C.8. That all reasonable measures will be incorporated into the Dispensary security plan or consistently taken to successfully control the establishment's patrons' conduct resulting in disturbances, vandalism, crowd control inside or outside the premises, traffic control problems, marijuana use in public, or creation of a public or private nuisance, or interference of the operation of another business.

The Collective members will be informed that we will be very strict with our protocols of behavior in and around the building. We will take all reasonable measures to control the establishment's patrons' conduct so as not to result in disturbances, vandalism, crowd control inside or outside the premises, traffic control problems, cannabis use in public, or creation of a public or private nuisance, or interference of the operation of another business.

SBMC §28.80.070.C.9. That the Storefront Collective Dispensary is likely to have no potentially adverse affect on the health, peace, or safety of persons living or working in the surrounding area, overly burden a specific neighborhood, or contribute to a public nuisance and that the Dispensary will generally not result in repeated nuisance activities including disturbances of the peace, illegal drug activity, marijuana use in public, harassment of passerby, excessive littering, excessive loitering, illegal parking, excessive loud noises, especially late at night or early in the morning hours, lewd conduct, or police detentions or arrests.

SANTA BARBARA COLLECTIVE will not be a source of adverse effects on the health, peace, or safety of persons living or working in the surrounding area, or overly burdening our neighborhood, or contributing to a public nuisance and that the Dispensary will generally not result in repeated nuisance activities including disturbances of the peace, illegal drug activity, marijuana use in public, harassment of passerby, excessive littering, excessive loitering, illegal parking, excessive loud noises, especially late at night or early in the morning hours, lewd conduct, or police detentions or arrests.

SBMC §28.80.070.C.10. That any provision of the Municipal Code or condition imposed by a City issued permit, or any provision of any other local, or state law, regulation, or order, or any condition imposed by permits issued in compliance with those laws will not be violated.

SANTA BARBARA COLLECTIVE will not violate any provision of the Municipal Code or condition imposed by a City issued permit, or any provision of any other local, or state law, regulation, or order, or any condition imposed by our permit.

SBMC §28.80.070.C.11. That the Applicant has not made a false statement of material fact or has omitted to state a material fact in the application for a permit.

The applicant has not made a false statement of material fact or has omitted to state a material fact in the application for this permit.

SBMC §28.80.070.C.12. That the Applicant has not engaged in unlawful, fraudulent, unfair, or deceptive business acts or practices with respect to the operation of another business within the City.

The Applicant has not engaged in unlawful, fraudulent, unfair, or deceptive business acts or practices with respect to the operation of another business within the City.

STAFF HEARING OFFICER CONDITIONS OF APPROVAL

2609 DE LA VINA STREET
STOREFRONT COLLECTIVE DISPENSARY PERMIT
NOVEMBER 11, 2015

In consideration of the project approval granted by the Staff Hearing Officer and for the benefit of the owners of the Real Property, the owners and occupants of adjacent real property and the public generally, the following terms and conditions are imposed on the use, possession, and enjoyment of the Real Property:

A. **Approved Dispensary.** The applicant shall operate the dispensary in accordance with the Chapter 28.80 of the Santa Barbara Municipal Code, and in accordance with the application information and plans approved by the Staff Hearing Officer on November 11, 2015.

B. **Order of Development.** In order to accomplish the proposed development, the following steps shall occur in the order identified:

1. Record any required documents (see Recorded Conditions Agreement section).
2. Permits.

   a. Submit an application for and obtain a Building Permit (BLD) for construction of approved development and complete said development.

   b. If applicable, submit an application for and obtain a Public Works Permit (PBW) for all required public improvements and complete said improvements.

   c. Submit an application for and obtain an alarm system permit. Said alarm system shall be installed and registered per Municipal Code Chapter 9.100 and shall meet the requirements of the Santa Barbara Police Department.

Details on implementation of these steps are provided throughout the conditions of approval.

C. **Recorded Conditions Agreement.** The Owner shall execute a *written instrument*, which shall be prepared by Planning staff, reviewed as to form and content by the City Attorney, Community Development Director and Public Works Director, recorded in the Office of the County Recorder, and shall include the following:

1. **Approved Development.** The development of the Real Property approved by the Staff Hearing Officer on November 11, 2015 is limited to the improvements shown on the plans signed by the Staff Hearing Officer on said date and on file at the City of Santa Barbara. The improvements consist of an interior tenant improvement minor exterior alterations.
2. **Uninterrupted Water Flow.** The Owner shall allow for the continuation of any historic flow of water onto the Real Property including, but not limited to, swales, natural watercourses, conduits and any access road, as appropriate.

3. **Trash Enclosure Provision.** A trash enclosure with adequate area for recycling containers (an area that allows for a minimum of 50 percent of the total capacity for recycling containers) shall be provided on the Real Property and screened from view from surrounding properties and the street.

D. **Requirements Prior to Permit Issuance.** The Owner shall submit the following, or evidence of completion of the following, for review and approval by the Department listed below prior to the issuance of any permit for the project. Some of these conditions may be waived for demolition or rough grading permits, at the discretion of the department listed. Please note that these conditions are in addition to the standard submittal requirements for each department.

1. **Community Development Department.**

a. **Recordation of Agreements.** The Owner shall provide evidence of recordation of the written instrument that includes all of the Recorded Conditions identified in condition C "Recorded Conditions Agreement" to the Community Development Department prior to issuance of any building permits.

b. **Conditions on Plans/Signatures.** The final Resolution shall be provided on a full size drawing sheet as part of the drawing sets. A statement shall also be placed on the sheet as follows: The undersigned have read and understand the required conditions, and agree to abide by any and all conditions which are their usual and customary responsibility to perform, and which are within their authority to perform.

Signed:

_____

Property Owner Date

_____

Contractor Date License No.

_____

Architect Date License No.

_____

Engineer Date License No.

E. **Construction Implementation Requirements.** All of these construction requirements shall be carried out in the field by the Owner and/or Contractor for the duration of the project construction, including demolition and grading.

1. **Construction Contact Sign.** Immediately after Building permit issuance, signage shall be posted at the points of entry to the site that list the contractor(s) name, contractor(s) telephone number(s), and construction-related conditions, to assist Building Inspectors and Police Officers in the enforcement of the conditions of approval. The font size shall be a minimum of 0.5 inches in height. Said sign shall

not exceed six feet in height from the ground if it is free-standing or placed on a fence. It shall not exceed 24 square feet if in a multi-family or commercial zone or six square feet if in a single family zone.

2. **Construction Storage/Staging.** Construction vehicle/ equipment/ materials storage and staging shall be done on-site. No parking or storage shall be permitted within the public right-of-way, unless specifically permitted by the Public Works Director with a Public Works permit.

F. **Prior to Certificate of Occupancy.** Prior to issuance of the Certificate of Occupancy, the Owner of the Real Property shall complete the following:

1. **Alarm System.** Register and install an alarm system per the requirements in SBMC Chapter 9.100.

2. **Repair Damaged Public Improvements.** Repair any public improvements (curbs, gutters, sidewalks, roadways, etc.) or property damaged by construction subject to the review and approval of the Public Works Department per SBMC §22.60.

G. **General Conditions.**

1. **Compliance with Requirements.** All requirements of the city of Santa Barbara and any other applicable requirements of any law or agency of the State and/or any government entity or District shall be met. This includes, but is not limited to, the Endangered Species Act of 1973 [ESA] and any amendments thereto (16 U.S.C. § 1531 et seq.), the 1979 Air Quality Attainment Plan, and the California Code of Regulations.

2. **Approval Limitations.**

a. The conditions of this approval supersede all conflicting notations, specifications, dimensions, and the like which may be shown on submitted plans.

b. All buildings, roadways, parking areas and other features shall be located substantially as shown on the plans approved by the Staff Hearing Officer.

c. Any deviations from the project description, approved plans or conditions must be reviewed and approved by the City, in accordance with the Planning Commission Guidelines. Deviations may require changes to the permit and/or further environmental review. Deviations without the above-described approval will constitute a violation of permit approval.

H. **Litigation Indemnification Agreement.** In the event the Staff Hearing Officer's approval of the permit is appealed to the City Council, Applicant/Owner hereby agrees to defend the City, its officers, employees, agents, consultants and independent contractors ("City's Agents") from any third party legal challenge to the City Council's denial of the appeal and approval of the Project, including, but not limited to, challenges filed pursuant to the California Environmental Quality Act (collectively "Claims"). Applicant/Owner further

agrees to indemnify and hold harmless the City and the City's Agents from any award of attorney fees or court costs made in connection with any Claim.

Applicant/Owner shall execute a written agreement, in a form approved by the City Attorney, evidencing the foregoing commitments of defense and indemnification within thirty (30) days of the City Council denial of the appeal and approval of the Project. These commitments of defense and indemnification are material conditions of the approval of the Project. If Applicant/Owner fails to execute the required defense and indemnification agreement within the time allotted, the Project approval shall become null and void absent subsequent acceptance of the agreement by the City, which acceptance shall be within the City's sole and absolute discretion. Nothing contained in this condition shall prevent the City or the City's Agents from independently defending any Claim. If the City or the City's Agents decide to independently defend a Claim, the City and the City's Agents shall bear their own attorney fees, expenses, and costs of that independent defense.

NOTICE OF STOREFRONT COLLECTIVE DISPENSARY PERMIT APPROVAL TIME LIMITS:

The Staff Hearing Officer action approving the Storefront Collective Dispensary Permit shall terminate two (2) years from the date of the approval, per Santa Barbara Municipal Code §28.87.360, unless:

1. An extension is granted by the Community Development Director prior to the expiration of the approval; or
2. A Building permit for the use authorized by the approval is issued and the construction authorized by the permit is being diligently pursued to completion and issuance of a Certificate of Occupancy.

City of Santa Barbara
Planning Division

STAFF HEARING OFFICER MINUTES

NOVEMBER 11, 2015

ACTUAL TIME: 9:54 A.M.

APPLICATION OF IHAB GHANNAM, 2609 DE LA VINA STREET, 051-292-003, C-2 ZONE, GENERAL PLAN DESIGNATION: COMMERCIAL/MED HIGH RESIDENTIAL (MST2015-00117)

Proposal for a Medical Marijuana Storefront Collective Dispensary. Interior floor plan improvements, and minor exterior alterations are proposed for the existing commercial building.

The discretionary application required for this project is a Storefront Collective Dispensary Permit (SBMC §28.80.030).

The Environmental Analyst has determined that the project is exempt from further environmental review pursuant to the California Environmental Quality Act Guidelines Section 15301(a), Existing Facilities.

Present: Ihab Ghannam, Applicant; Abraham Labbad, Attorney and Agent of Service; and Bill Wolf, Pacific Architects.

Ms. Reardon announced that she read the Staff Report for the proposed project and also visited the site and surrounding neighborhood.

Tony Boughman, Assistant Planner, gave the Staff presentation and recommendation.

Public comment opened at 10:31 a.m.

1) Walter Krieg, neighborhood property owner, opposition; expressed concerns regarding the proposed storefront location, traffic, parking, and security and safety concerns for families and children in the area.
2) Jennifer Alire (resident), opposition; expressed concerns regarding code requirements not being addressed in the application, lack of background checks of members, future enforcement, as yet unapproved operation plan by the police department, and parking location in the rear of the property not in proximity to the entrance.
3) Kathy Richardson (resident), opposition; expressed concerns regarding security and safety issues, legal operations, locations of cultivation, veracity of the applicant, parking and access issues, enforcement of security measures.
4) Tony Vassillo, opposition; expressed concerns regarding illegal drug dispensary location, this appears to be a for-profit proposal and these are not

allowed under the Compassionate Use Act, and loitering issues and anticipated crime escalation in the area.

5) Mary Ann Neilsen, opposition; expressed concerns regarding concept of storefront dispensaries in the area, traffic congestion, impacts to children in the area, and crime associated with dispensaries.
6) Bonnie Raisin, opposition; agrees with previous commenters, expressed concerns regarding the cultivation supply, proposed storefront location, current illegality of the "gateway" drug, and security and safety concerns for families and children in the area.
7) Marilyn Miller (local nurse) expressed support of the need for storefront dispensary in Santa Barbara.

Email and letters in opposition from Karen and Dr. William Gallivan, Nora Gallagher, Becky Spadoro, Elaine Morello, Elizabeth Greenwald, Jeanise Eaton, Teri Zanini, and Luis Esparza.

Public comment closed at 10:49 a.m.

*** The Hearing Recessed at 10:50 A.M., and Reconvened at 11:01 A.M. ***

Mr. Boughman confirmed a statement by a member of the public, that the Santa Barbara Police Department has not approved the operational plan for this dispensary permit application.

The Applicant stated his qualifications and also addressed various public concerns regarding loitering and security, that the dispensary will be audited for non-profit status, and that cultivators and suppliers have not yet been identified and contracted.

Mr. Boughman pointed out that the Applicant's comments indicate a lack of understanding of the definition of Medical Marijuana Storefront Collective Dispensary.

Ms. Reardon expressed concerns with: the dispensary's compliance with the definition of Medical Marijuana Storefront Collective Dispensary contained in the City's Zoning Ordinance; the site and floor plans; the location of the parking spaces behind the building in relation to the front entrance; the lack of security patrolling the rear of the property; inconsistencies and discrepancies in the submitted Operations Plan and the Business and Operations Plan; and discrepancies between what was stated in the public hearing and what was indicated in the Operations Plan, Business and Operations Plan, and site plan.

Ms. Reardon stated that she could not make the finding that the proposed dispensary meets the criteria for issuance of a Storefront Collective Dispensary permit, specifically criteria SBMC Section 28.80.070, B.1, B.7, B.8, and B.9.

ACTION: **Assigned Resolution No. 066-15**
Denied the Medical Marijuana Storefront Collective Dispensary Permit making the finding that the proposed Medical Marijuana Storefront Collective Dispensary does not meet all of the criteria for issuance of the Permit as specified in SBMC Section 28.80.070.

The ten calendar day appeal period to the Planning Commission was announced and is subject to suspension for review by the Planning Commission.

I. ADJOURNMENT

Ms. Reardon adjourned the meeting at 11:30 a.m.

Submitted by,

_____
Kathleen Goo, Staff Hearing Officer Secretary

ORDINANCE NO. 5526

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SANTA BARBARA AMENDING THE MUNICIPAL CODE BY REVISING CHAPTER 28.80 AND ESTABLISHING REVISED REGULATIONS AND PROCEDURES FOR MEDICAL MARIJUANA STOREFRONT COLLECTIVE DISPENSARIES.

The Council of the City of Santa Barbara does ordain as follows:

SECTION ONE. Chapter 28.80 of Title 28 of the Santa Barbara Municipal Code, entitled "Medical Marijuana Dispensaries," is amended to read as follows:

Section 28.80.010 Purpose and Intent.

It is the purpose and intent of this Chapter to regulate the storefront distribution of medical marijuana in order to ensure the health, safety, and welfare of the residents of the City of Santa Barbara. The regulations in this Chapter, in compliance with the State Compassionate Use Act of 1996 and the State Medical Marijuana Program Act ("the SB 420 statutes"), are not intended and do not interfere with a patient's right to use medical marijuana as authorized under the Compassionate Use Act or the SB 420 statutes, nor do they criminalize the possession or cultivation of medical marijuana by specifically defined classifications of persons, as authorized under the Compassionate Use Act. Under the Compassionate Use Act of 1996 and the SB 420 statutes, only qualified patients, persons with identification cards, and primary caregivers may legally cultivate medical marijuana collectively and provide it to qualified patients or person with identifications cards. Therefore, medical marijuana collectives within the City which choose to operate storefront dispensary locations must comply with all provisions of the Santa Barbara Municipal Code ("SBMC") for obtaining a permit for the storefront dispensary as well as complying with the Compassionate Use Act, the SB 420 statutes, and all other applicable local and state laws. Nothing in this Chapter purports to permit activities that are otherwise illegal under federal, state, or local laws.

Section 28.80.020 Definitions.

For the purpose of this Chapter, the following words and phrases shall have the following meanings:

A. Applicant. A person who is required to file an application for a Medical Marijuana Storefront Collective Dispensary permit under this Chapter, including an individual owner, managing partner, officer of a corporation, or any other dispensary operator, Management Member, employee, or agent of a Medical Marijuana Storefront Collective Dispensary.

B. Drug Paraphernalia. As defined in California Health and Safety Code Section 11014.5, and as may be amended from time to time.

C. Identification Card. As defined in California Health and Safety Code Section 11362.71 and as may be amended from time to time.

D. Management Member. A Medical Marijuana Collective member with responsibility for the establishment, organization, registration, supervision, or oversight of the operation of a Collective including, but not limited to, members who perform the functions of president, vice president, director, operating officer, financial officer, secretary, treasurer, or manager of the Collective.

E. Medical Marijuana Storefront Collective Dispensary or Storefront Collective Dispensary. An incorporated or unincorporated association which is composed of four (4) or more Qualified Patients and their designated Primary Caregivers who associate at a particular location or Property within the City in order to collectively or cooperatively cultivate marijuana for medical purposes and who, acting through Management Members, distribute the collectively cultivated medical marijuana to the members of their Collective at a storefront dispensary located within a non-residential zone of Santa Barbara, all in accordance with the Compassionate Use Act of 1996 (California Health and Safety Code sections 11362.5) and Health and Safety Code section 11362.7 through 11362.9. For the purposes of this Chapter, the term "Medical Marijuana cooperative" (or "cooperative") shall have the same meaning as a "Medical Marijuana collective" (or a "collective") and the term "cooperative" shall have the definition and formation requirements established for it by state law.

A Storefront Collective Dispensary shall not include the dispensing of medical marijuana by primary caregivers to qualified patients in the following locations so long as the location and operation of the clinic, health care facility, hospice, or residential care facility is otherwise permitted by the Municipal Code and operated in the manner required by applicable state laws:

1. a clinic licensed pursuant to Chapter 1 of Division 2 of the state Health and Safety Code,

2. a health care facility licensed pursuant to Chapter Two of Division 2 of the state Health and Safety Code,

3. a residential care facility for persons with chronic life-threatening illness licensed pursuant to Chapter 3.01 of Division 2 of the state Health and Safety Code,

4. residential care facility for the elderly licensed pursuant to Chapter 3.2 of Division 2 of the state Health and Safety Code,

5. a residential hospice, or a home health agency licensed pursuant to Chapter 8 of Division 2 of the state Health and Safety Code,

provided that any such clinic, health care facility, hospice or residential care facility also fully complies with applicable laws including, but not limited to, the Compassionate Use Act of 1996 and the SB 420 statutes.

F. Permittee. The Management Member or Members identified to the City by an Applicant as such and to whom a City Storefront Collective Dispensary permit has been issued and someone who also qualifies as a primary caregiver.

G. Person with an Identification Card. A person as described in California Health and Safety Code Section 11362.71 through 11362.76, and as amended from time to time.

H. Physician. A licensed medical doctors including a doctor of osteopathic medicine as defined in the California Business and Professions Code.

I. Primary Caregiver. A person as defined and described in either subdivision (d) or (e) of California Health and Safety Code Section 11362.7 as it may be amended from time to time.

J. Property. The location or locations within the City at which Medical Marijuana Collective members and Management members associate to collectively or cooperatively cultivate or to distribute Medical Marijuana exclusively to their Collective members.

K. Qualified Patient. A person as defined and described in California Health and Safety Code Section 11362.5 et seq., and as it may be amended from time to time. For the purposes of this Chapter, a Qualified Patient shall also include a Person with an Identification Card.

L. School. An institution of learning for minors, whether public or private, offering a regular course of instruction required by the California Education Code. This definition includes an elementary school, middle, or junior high school, senior high school, or any special institution of education for persons under the age of eighteen years, whether public or private.

M. Reasonable Compensation. Compensation commensurate with reasonable wages and benefits paid to employees of federal Internal Revenue Code qualified non-profit organizations which employees have similar job descriptions and duties, as well as a comparable required level of experience and education, similar prior earnings or wage history, and number of hours typically worked per week. The payment of a bonus shall not be considered reasonable compensation.

Section 28.80.030 Storefront Collective Dispensary - Permit Required to Operate.

It shall be unlawful for any person to engage in, to conduct or carry on (or to permit to be engaged in, conducted or carried on) in or upon his or her Property located within the City, the operation of a Storefront Collective Dispensary unless an Applicant has first obtained and continues to maintain in full force and effect a valid Storefront Collective Dispensary Permit issued by the City for that Property pursuant to this Chapter.

Section 28.80.040 Imposition of Medical Marijuana Storefront Collective Dispensary Permit Fees.

Every application for a Storefront Collective Dispensary permit shall be accompanied by an application fee (in an amount

established by resolution of the City Council) at a amount calculated to recover the City's full cost of reviewing and issuing the Storefront Collective Dispensary permit) and the filing of a complete required application pursuant to this Chapter. The application fee shall not include the standard City fees for fingerprinting, photographing, and background check costs and shall be in addition to any other business license fee or permit fee imposed by this Code or other governmental agencies.

Section 28.80.050 Limitations on the Permitted Location of a Storefront Collective Dispensary.

A. Permissible Zoning for Storefront Collective Dispensaries. Storefront Collectives Dispensaries may only be permitted and located on parcels within the City which are zoned for commercial uses and on those street block faces listed in the exhibit to this Chapter designated as "Medical Marijuana Storefront Collectives Dispensaries - Allowed Locations" dated as of June 22, 2010.

B. Storefront Locations. Except for those locations shown as allowed within the West Pueblo Medical Area on the exhibit attached to this Chapter which have been specifically approved by the Staff Hearing Officer as non-storefront locations pursuant to this Chapter, a Storefront Collective Dispensary shall only be located in a visible store-front type ground-floor location which provides good public views of the Dispensary entrance, its windows, and the entrance to the Storefront Collective Dispensary premises from a public street.

C. Commercial Areas and Zones Where Storefront Collective Dispensaries Not Permitted. Notwithstanding subparagraph (A) above, a Storefront Collective Dispensary shall not be allowed or permitted on a parcel located within 1000 feet of another permitted or allowed Storefront Collective Dispensary.

D. Locational Measurements. The distance between a Storefront Collective Dispensary and above-listed restrictions shall be calculated as a straight line from any parcel line of the Property on which the Storefront Collective Dispensary is located to the parcel line the real property on which the facility, building, or structure, or portion of the building or structure, in which the above-listed use occurs or is located.

For the purposes of determining compliance with the locational restrictions imposed by this section, the permissibility of a proposed Storefront Collective Dispensary location shall be determined by City staff based on the date the permit application has been deemed complete by the City with the earliest complete applications deemed to have priority over any subsequent Storefront Collective Dispensary application for any particular permissible location.

E. One Collective Dispensary for Each Area of the City. No more than one Storefront Collective Dispensary may open or operate in each of the areas of the City designated as allowed or permissible Collective Dispensary location areas in the exhibit attached to this Chapter except for those areas which, at the time of the adoption of the ordinance amending this Chapter, already have more than one Storefront Collective Dispensary on a legal non-conforming basis and which are allowed to continue to operate on a legal non-conforming basis under Section Two of the Ordinance amending this Chapter - in which case a legal non-conforming Dispensary may be allowed to continue to operate in such an area.

F. Maximum Number of Medical Marijuana Storefront Collective Dispensaries Allowed Permits. Notwithstanding the above, the City may not issue a total of more than three (3) Collective Dispensary permits at any one time and, subject to the amortization allowance period contained within the uncodified portions of the City ordinance adopting amendments to this chapter, no more than three (3) permitted or allowed Collective Dispensaries may legally operate within the City, including specifically those dispensaries which are open and operating in a legal nonconforming manner at the time of the adoption of the ordinance amending this Chapter.

Section 28.80.060 Storefront Collective Dispensary - Permit Application Requirements.

A. Application Filing. A complete Performance Standard Permit application submittal packet is required for a Storefront Collective Dispensary permit and it shall be submitted (along with all required fees) and all other information and materials required by this Chapter in order to file a complete application for a Storefront Collective Dispensary Permit for a specific Property. All applications for Storefront Collective Dispensary permits shall be filed with the Community Development Department using forms provided by the City. It is the responsibility of

the Applicant to provide all of the information required for approval of the permit. The application shall signed by a Management Member under penalty of perjury.

B. Eligibility for Filing. If a Storefront Collective Dispensary permit application is filed by a non-owner of the Property, it shall also be accompanied by a written affirmation from the Property owner expressly allowing the Applicant and Management Member to apply for the Permit and acknowledging the Applicant's right to use and occupy the Property for the intended Medical Marijuana Storefront Collective Dispensary use.

C. Filing Date. The filing date of any application shall be the date when the City officially receives the last submission of information or materials required in compliance with the submittal requirements specified herein and the application has been deemed complete in writing by the City.

D. Effect of Incomplete Filing. Upon notification that an application submittal is incomplete, the Applicant shall be granted an extension of time to submit all materials required to complete the application within thirty (30) days. If the application remains incomplete in excess of thirty (30) days the application shall be deemed withdrawn and new application submittal shall be required in order to proceed with the subject request.

E. Filing Requirements - Proposed Operational Plan. In connection with a permit application, an Applicant for a Storefront Collective Dispensary permit shall provide a detailed "Operations Plan" for the proposed Dispensary and, upon issuance of the Storefront Collective Dispensary permit by the City, shall operate the Storefront Collective Dispensary in accordance with the Operations Plan, as approved, at all times. A required Operations Plan shall consist of at least the following:

> **1. Site Plan and Floor Plan.** A Storefront Collective Dispensary application shall have a proposed site plan and floor plan which shows a lobby waiting area at the entrance to the Storefront Collective Dispensary used to receive qualified patients or primary caregivers, and a separate and secure designated area for dispensing medical marijuana to qualified patients or designated primary caregivers members of the Collective. The primary entrance shall be located and maintained clear of barriers, landscaping and similar obstructions so that it is clearly visible from public streets, sidewalks or site driveways.

2. Storage. A Storefront Collective Dispensary shall have suitable locked storage on the premises, identified and approved as a part of the operational security plan for the after-hours storage of medical marijuana.

3. Security Plans. A Storefront Collective Dispensary shall provide a plan to provide adequate security on the premises of the Dispensary which shall be maintained in accordance with the Dispensary security plan approved by the Chief of Police and as reviewed by the Staff Hearing Officer. This plan shall include provisions for adequate lighting and alarms in order to insure the safety of persons and to protect the premises from theft. All security guards used by dispensaries shall be licensed and employed by a state licensed private-party operator security company retained by the Storefront Collective Dispensary and each security guard used shall possess a valid state Department of Consumer Affairs "Security Guard Card" at all times. Security guards shall not possess or carry firearms or tazers while working at a Collective Dispensary.

4. Security Cameras. The Security Plan shall show how the Property will be monitored at all times by closed-circuit television for security purposes. The camera and recording system must be of adequate quality, color rendition and resolution to allow the ready identification of an individual on or adjacent to the Property. The recordings shall be maintained at the Property for a period of not less than thirty (30) days.

5. Alarm Systems. The Operations Plan shall provide that professionally monitored burglary and fire alarm systems shall be installed and such systems shall be maintained in good working condition within the Storefront Collective Dispensary at all times.

6. Emergency Contact. A Operations Plan shall provide the Chief of Police with the name, cell phone number, and facsimile number of a Management Member to act as an on-site community relations staff person to whom the City may provide notice of any operating problems associated with the Storefront Collective Dispensary.

7. Public Nuisance. The Operations Plan shall provide for the Management Members of the Collective Dispensary to take all reasonable steps to discourage and correct

objectionable conditions that constitute a public or private nuisance in parking areas, sidewalks, alleys and areas surrounding the premises and adjacent properties during business hours if directly related to the patrons of the subject Storefront Collective Dispensary.

8. Loitering Adjacent to a Dispensary. The Operations Plan shall provide that the Management Members will take all reasonable steps to reduce loitering by Collective members in public areas, sidewalks, alleys and areas surrounding the Property and adjacent premises during the business hours of the Storefront Collective Dispensary.

9. Trash, Litter, Graffiti. The Operations Plan shall provide that the Management Members will keep area which includes the sidewalks adjoining the Dispensary plus ten (10) feet beyond property lines (as well as any parking lots under the control of the Dispensary) clear of litter, debris, and trash.

10. Removal of Graffiti. The Operations Plan shall provide a method for the Management Members to promptly remove all graffiti from the Property and parking lots under the control of the Collective within 72 hours of its appearance.

F. Filing Requirements - Information Regarding Storefront Collective Dispensary Management. A Storefront Collective Dispensary Applicant shall also provide the following Management Member and Collective information as part of a Storefront Collective Dispensary application:

1. The name, address, telephone number, title and function(s) of each Management Member;

2. For each Management Member, a fully legible copy of one (1) valid government issued form of photo identification, such as a state driver's license or identification card. Acceptable forms of government issued identification include, but are not limited to, driver's license or photo identity cards issued by the state Department of Motor Vehicles (or equivalent) that meet REAL ID benchmarks, a passport issued by the United States or by a foreign government, U.S. Military ID cards (active duty or retired military and their dependents) or a Permanent Resident card.

3. Written confirmation as to whether the Collective or a Management Member of the Collective previously operated in this or any other county, city or state under a similar license or permit, and whether the Collective or Management Member Applicant ever had such a license or permit revoked or suspended by and the reason(s)therefore.

4. If the Collective is a corporation or a cooperative, a certified copy of the Collective's Secretary of State Articles of Incorporation, Certificate(s) of Amendment, Statement(s) of Information and a copy of the Collective's By laws;

5. If the Collective is an unincorporated association, a copy of the articles of association;

6. The name and address of the Applicant's or Collective's current designated Agent for Service of Process;

7. A statement dated and signed by each Management Member, of the Collective, under penalty of perjury, that the Management Member has personal knowledge of the information contained in the Dispensary Application, that the information contained therein is true and correct, and that the application has been completed under the supervision of the identified Management Member(s);

8. Whether Edible Medical Marijuana products will be prepared and distributed at the proposed Dispensary Property;

9. The Property location or locations where any and all Medical Marijuana will be collectively cultivated by the Collective members and Management Members;

Section 28.80.070 Criteria for Review of Collective Dispensary Applications by the City Staff Hearing Officer.

A. Decision on Application. Upon an application for a Storefront Collective Dispensary permit being deemed complete, the Staff Hearing Officer shall either issue a Storefront Collective Dispensary permit, issue a Storefront Collective Dispensary permit with conditions in accordance with this Chapter, or deny a Storefront Collective Dispensary permit.

B. Criteria for Issuance. The Staff Hearing Officer, or the City Council on appeal, shall consider the following criteria in determining whether to grant or deny a Medical Marijuana Storefront Collective Dispensary permit:

1. That the Collective Dispensary permit and the operation of the proposed Dispensary will be consistent with the intent of the Compassionate Use Act of 1996 and the SB 420 Statutes for providing medical marijuana to qualified patients and primary caregivers and the provisions of this Chapter and with the Municipal Code, including the application submittal and operating requirements herein.

2. That the proposed location of the Storefront Collective Dispensary is not identified by the City Chief of Police as an area of increased or high crime activity.

3. For those applicants who have operated other Storefront Collective Dispensaries within the City, that there have not been significant numbers of calls for police service, crimes or arrests in the area of the applicants former location.

4. That issuance of a Collective Dispensary permit for the Collective Dispensary size requested is appropriate to meet needs of community for access to medical marijuana.

5. That issuance of the Collective Dispensary permit would serve needs of City residents within a proximity to this location.

6. That the location is not prohibited by the provisions of this Chapter or any local or state law, statute, rule, or regulation and no significant nuisance issues or problems are likely or anticipated and that compliance with other applicable requirements of the City's Zoning Ordinance will be accomplished.

7. That the Dispensary's Operations Plan, its site plan, its floor plan, the proposed hours of operation, and a security plan have incorporated features necessary to assist in reducing potential crime-related problems and as specified in the operating requirements section. These features may include, but are not limited to, security on-site; procedure for allowing entry; openness to surveillance and control of the premises; the perimeter, and surrounding properties; reduction of opportunities for

congregating and obstructing public ways and neighboring property; illumination of exterior areas; and limiting furnishings and features that encourage loitering and nuisance behavior.

8. That all reasonable measures have been incorporated into the Dispensary security plan or consistently taken to successfully control the establishment's patrons' conduct resulting in disturbances, vandalism, crowd control inside or outside the premises, traffic control problems, marijuana use in public, or creation of a public or private nuisance, or interference of the operation of another business.

9. That the Storefront Collective Dispensary is likely to have no potentially adverse affect on the health, peace, or safety of persons living or working in the surrounding area, overly burden a specific neighborhood, or contribute to a public nuisance and that the Dispensary will generally not result in repeated nuisance activities including disturbances of the peace, illegal drug activity, marijuana use in public, harassment of passerby, excessive littering, excessive loitering, illegal parking, excessive loud noises, especially late at night or early in the morning hours, lewd conduct, or police detentions or arrests.

10. That any provision of the Municipal Code or condition imposed by a City issued permit, or any provision of any other local, or state law, regulation, or order, or any condition imposed by permits issued in compliance with those laws will not be violated.

11. That the Applicant has not made a false statement of material fact or has omitted to state a material fact in the application for a permit.

12. That the Applicant has not engaged in unlawful, fraudulent, unfair, or deceptive business acts or practices with respect to the operation of another business within the City.

Section 28.80.080 On-Going Management Requirements for Medical Marijuana Storefront Collective Dispensaries.

Storefront Collective Dispensary operations shall be maintained and managed on a day-to-day basis only in compliance with the following operational standards and requirements:

A. Criminal History. A Storefront Collective Dispensary permittee, including all Management Members of that permittee, shall not have been convicted of a felony or be on probation or parole for the sale or distribution of a controlled substance and shall remain free of such a conviction or probation during the period of time in which the Storefront Collective Dispensary is being operated.

B. Minors. It shall be unlawful for any Storefront Collective Dispensary permittee, a Management Member of the permittee, or any other person effectively in charge of any Storefront Collective Dispensary to employ any person who is not at least 18 years of age. Persons under the age of eighteen (18) years shall not be allowed on the premises of a Medical Marijuana Collective Dispensary unless they are a qualified patient member of the Collective and they are accompanied by a parent or guardian at all times. The entrance to a Storefront Collective Dispensary shall be clearly and legibly posted with a notice indicating that persons under the age of eighteen (18) are precluded from entering the premises unless they are a qualified patient member of the Collective and they are in the presence of their parent or guardian.

C. Storefront Collective Dispensary Size and Access. The following access restrictions shall apply to all Storefront Collective Dispensaries permitted by this Chapter:

1. A Storefront Collective Dispensary shall not be enlarged in size (i.e., increased floor area) without prior review and approval of the change from the Staff Hearing Officer and an approved amendment to the existing Storefront Collective Dispensary permit pursuant to the requirements of this Chapter.

2. An expressly designated Management Member or Members shall be responsible for monitoring the Property of the Storefront Collective Dispensary for any nuisance activity (including the adjacent public sidewalk and rights-of-way)

which may occur on the block within which the Storefront Collective Dispensary is operating.

3. Only Collective members as primary caregivers or qualified patients shall be permitted within a Storefront Collective Dispensary building for the purposes of cultivating, processing, distributing, or obtaining medical marijuana.

4. A qualified patient or a primary caregiver shall not visit a Storefront Collective Dispensary without first having obtained a valid written recommendation from his or her licensed physician recommending the use of medical marijuana or, in the case of a primary caregiver, without first having been expressly designated a primary caregiver to a qualified patient as required by the Compassionate Use Act.

5. A qualified patient or primary caregiver may not obtain medical marijuana upon their first in-person visit to a Storefront Collective Dispensary and, instead, may only become a member of the Collective at the first visit to a particular Dispensary. Upon joining the Collective, a registered member of a Collective may obtain medical marijuana as a qualified patient or primary caregiver only after an initial waiting period of 24 hours after their initial in-person visit to the Dispensary for the purposes of joining the Collective.

6. Only a primary caregiver and qualified patient members of the Collective Dispensary shall be allowed within the designated marijuana dispensing area of a Storefront Collective Dispensary (as shown on the site plan required by the Application) along with only a necessary Management Members.

7. Restrooms with the Storefront Collective Dispensary shall remain locked and under the control of Collective Dispensary Management Members at all times.

D. **Medical Marijuana Dispensing Operations.** The following medical marijuana distribution restrictions and conditions shall apply to all of the day-to-day medical marijuana dispensing operations which occur within a City permitted Storefront Collective Dispensary:

1. A Storefront Collective Dispensary shall only dispense to qualified patients or primary caregivers with a currently valid physicians approval or recommendation in compliance with the criteria of the Compassionate Use Act of 1996 and the SB 420 Statutes to those persons who are registered as active members of that Collective and may do so only during storefront dispensary operating hours of between eight o'clock in the morning (8:00 a.m.) through six o'clock in the evening (6:00 p.m.) Monday through Saturday only. The days and hours of the dispensary's operation shall be posted in a sign located on the street frontage of the dispensary premises in a manner consistent with the City's Sign Ordinance. Storefront Collectives Dispensaries shall require such persons receiving medical marijuana to provide valid official identification, such as a Department of Motor Vehicles driver's license or State Identification Card each time they seek to obtain medical marijuana.

2. Prior to dispensing medical marijuana, a Management Member of the Storefront Collective Dispensary shall obtain a re-verification from the recommending physician's office personnel that the individual requesting medical marijuana is or remains a qualified patient or a primary caregiver.

3. A Storefront Collective Dispensary shall not have a physician on-site to evaluate patients and provide a Compassionate Use Act recommendation for the use of medical marijuana.

4. Every Storefront Collective Dispensary shall display at all times during its regular business hours, the permit issued pursuant to the provisions of this Chapter for such Collective Dispensary in a conspicuous place so that the same may be readily seen by all persons entering the Storefront Collective Dispensary.

5. No Storefront Collective Dispensary shall hold or maintain a license from the State Division of Alcoholic Beverage Control for the sale of alcoholic beverages, or operate a business on the premises of the Dispensary that sells alcoholic beverages. No alcoholic beverages shall be allowed or consumed on the premises.

6. Storefront Collective Dispensaries shall be considered commercial use relative to the parking requirements imposed by Santa Barbara Municipal Code Section 28.90.100(I).

7. A notice shall be clearly and legibly posted in the Storefront Collective Dispensary indicating that smoking, ingesting, or consuming marijuana on the premises or in the vicinity of the Dispensary is prohibited. Signs on the premises shall not obstruct the entrance or windows. Address identification shall comply with Fire Department illuminated address signs requirements.

8. Business identification signage for Storefront Collective Dispensaries shall comply with the City's Sign Ordinance (SBMC Chapter 22.70) and be limited to that needed for identification only, consisting of a single window sign or wall sign that shall not exceed six square feet in area or 10 percent of the window area, whichever is less.

E. Dispensary Medical Marijuana On-Site Consumption and Re-Distribution Restrictions. The following medical marijuana consumption restrictions shall apply to all permitted Storefront Collective Dispensaries:

1. Medical marijuana shall not be consumed by qualified patients on the Property or the premises of the Storefront Collective Dispensary.

The term "premises" includes the actual building, as well as any accessory structures, parking lot or parking areas, or other surroundings within 200 feet of the Collective Dispensary's entrance. Collective Dispensary management member employees who are qualified patients may consume marijuana within the enclosed building area of the premises, provided such consumption occurs only via oral consumption (i.e., eating only) but not by means of smoking or vaporization.

2. Storefront Collective Dispensary operations shall not result in illegal re-distribution or sale of medical marijuana obtained from the Collective Dispensary, or the use or distribution in any manner which violates state law.

F. Retail Sales of Other Items by a Storefront Collective Dispensary. The retail sales of related marijuana use items at a Storefront Collective Dispensary may be allowed only under the following circumstances:

1. With the approval of the Staff Hearing Officer, a Collective Dispensary may conduct or engage in the

commercial sale of specific products, goods, or services (except drug paraphernalia) in addition to the provision of medical marijuana on terms and conditions consistent with this Chapter and applicable law.

2. No Collective Dispensary shall sell or display for sale any drug paraphernalia or any implement that may be used to administer medical marijuana.

G. Storefront Collective Dispensary - Compliance with the Compassionate Use Act of 1996 and SB 420 Statutes.

1. State Law Compliance Warning. Each Collective Dispensary shall have a sign posted in a conspicuous location inside the Storefront Collective Dispensary advising the public of the following:

a. The diversion of marijuana for non-medical purposes is a criminal violation of state law.

b. The use of marijuana may impair a person's ability to drive a motor vehicle or operate heavy machinery.

c. The sale of marijuana and the diversion of marijuana for non-medical purposes are violations of state law.

2. Not For Profit Operation of the Storefront Collective Dispensary. No Medical Marijuana Storefront Collective Dispensary shall operate for profit. Cash and in-kind contributions, reimbursements, and reasonable compensation for services provided by Management Members and Collective members toward the Collective's actual expenses for the growth, cultivation, processing, and provision of Medical Marijuana to qualified patients of the Collective shall be allowed provided that such reimbursements are in strict compliance with the applicable provisions of the SB 420 Statutes. All such cash and in-kind reimbursement amounts and items shall be fully and properly documented in the financial and accounting records of the Collective Dispensary in accordance with and as required by the recordkeeping requirements of this Chapter.

3. Cultivation of Medical Marijuana by the Collective. The Collective cultivation of medical marijuana shall be limited to the Collective members and Management Members. Cultivation of medical marijuana by the Collective members

and the Management Members shall occur exclusively within the boundaries of the counties of Santa Barbara, Ventura, or San Luis Obispo County and only at the real property identified for such cultivation on the approved Storefront Collective Dispensary Permit application.

No cultivation of medical marijuana at any Property where the marijuana will be visible with the un-aided eye from any public or other private property, nor shall cultivated medical marijuana or dried medical marijuana be visible from the building exterior on the Property. No cultivation shall occur at the Property of the Collective unless the area devoted to the cultivation is secured from public access by means of a locked gate and any other security measures necessary to prevent unauthorized entry.

4. Distribution of Medical Marijuana within Santa Barbara Only. Distribution of the medical marijuana collectively cultivated by some Collective members to other Collective members shall occur exclusively within the boundaries of the city of Santa Barbara and only at the real property identified as the permitted Dispensary location on the approved Storefront Collective Dispensary Permit application.

5. Membership Limited to One Collective. Membership in a Collective which operates a Storefront Collective Dispensary within the City shall be limited to one Collective per qualified patient or primary caregiver. Each Collective shall also consist only of individuals residing with Santa Barbara County, as the term "principal residence" is defined in the federal Internal Revenue Code.

H. Maintenance of Appropriate Collective Records Regarding Cultivation and Compliance with the SB 420 Statutes.

1. Cultivation Records. Every permitted Storefront Collective Dispensary shall maintain on-site (i.e., at the Property designated for the operation of the Storefront Collective Dispensary) the medical marijuana cultivation records of the Collective. These records shall be signed under penalty of perjury by each Management Member responsible for the cultivation and shall identify the location or locations within the counties of Santa Barbara, Ventura, or San Luis Obispo at which the Collective's medical marijuana is being cultivated. Such records shall also record the total number of marijuana plants cultivated

or stored at each cultivation location. The Storefront Collective Dispensary shall also maintain an inventory record documenting the dates and amounts of medical marijuana cultivated or stored at the Dispensary Property, if any, as well as the daily amounts of Medical Marijuana distributed from the permitted Dispensary.

2. Membership Records. Every Storefront Collective Dispensary shall maintain full and complete records of the following membership information: a. the full name, date of birth, residential address, and telephone number(s) of each Collective member and Management Member, b. the date each Collective member and Management Member joined the Collective, 3. the exact nature of each Collective member's and Management Member's participation in the Collective, and 4. the current status of each member and Management Member as a Qualified Patient or Primary Caregiver.

3. Financial Records. The Collective Dispensary shall also maintain a written accounting record or ledger of all cash, receipts, credit card transactions, reimbursements, (including any in-kind contributions), and any and all reasonable compensation for services provided by the Management Members or other members of the Collective, as well as records of all operational expenditures and costs incurred by the Storefront Collective Dispensary in accordance with generally accepted accounting practices and standards typically applicable to business records.

4. Dispensary Record Retention Period. The records required above by subparagraphs (1),(2), and (3) of this subsection shall be maintained by the Medical Marijuana Collective Dispensary for a period of three (3) years and shall be made available to the City upon a written request, subject to the authority set forth in Section 28.80.090.

Section 28.80.090 City Access to and Inspection of Required Storefront Collective Dispensary Records.

A duly designated City Police Department or Community Development Department representative may enter and shall be allowed to inspect the premises of every Storefront Collective Dispensary as well as the financial and membership records of the Collective required by this Chapter between the hours of eight ò'clock (8:00) A.M. and six o'clock (6:00) P.M., or at any appropriate time to ensure compliance and enforcement of the

provisions of this Chapter, except that the inspection and copying of the private medical records of a Collective member shall be made available to the Police Department only pursuant to a properly executed search warrant or inspection warrant by a court of competent jurisdiction, or a court order for the inspection of such records.

It shall be unlawful for any property owner, landlord, lessee, Medical Marijuana Collective Dispensary member or Management Member or any other person having any responsibility over the operation of the Storefront Collective Dispensary to refuse to allow, impede, obstruct or interfere with an inspection of the Storefront Collective Dispensary or the required records thereof.

Section 28.80.100 Sale, Distribution, or Exchange of Medical Marijuana with a non-Medical Marijuana Collective Member.

A. Transfers to or from a Non-Collective Member. A Storefront Collective Dispensary, including the Management Member operating the Dispensary, shall not cause or permit the sale, distribution, or exchange of Medical Marijuana or of any Edible Medical Marijuana product to any non-Collective Management Member or member. No Storefront Collective Dispensary shall possess medical marijuana that was not collectively cultivated by its Management Members or members either at the Property designated for the cultivation or at its prior location allowed in accordance with this Chapter.

B. Assistance for Edible Marijuana Products. Sales of edible medical marijuana products may be permitted at a Storefront Collective Dispensary and an individual or business within the City which assists a Dispensary in preparing and processing such a product will be deemed by the City as an "individual who provides assistance to a qualified patient or person with an identification card, or his or her designated primary caregiver, in administering medical marijuana to a qualified patient …" as that phrase is used in state Health and Safety Code section 11362.765(b)(3).

Section 28.80.110 Appeal from Staff Hearing Officer Determination.

A. Appeal to the Planning Commission and the City Council. An applicant or any interested party who disagrees with the Staff Hearing Officer's decision to issue, issue with conditions, or to deny or to revoke a Storefront Collective Dispensary permit may appeal the Staff Hearing Officer's decision to the City Planning Commission in accordance with the appeal provisions of subsection (B) of Santa Barbara Municipal Code section 28.05.020 and, thereafter, to the City Council by filing an appeal pursuant to the requirements of section 1.30.050 of the Municipal Code.

B. Notice of Appeal Hearing. Upon the filing of an appeal pursuant to subparagraph (A) above, the Community Development Director or the City Clerk shall provide public notice of the appeal hearing in accordance with the notice provisions of SBMC Section 28.87.380.

Section 28.80.120 Suspension and Revocation by Staff Hearing Officer.

A. Authority to Suspend or Revoke a Storefront Collective Dispensary Permit. Consistent with Section 28.87.360, any Storefront Collective Dispensary permit issued under the terms of this Chapter may be suspended or revoked by the Staff Hearing Officer if it shall appear to that Officer that the Dispensary permittee has violated any of the requirements of this Chapter or the Dispensary is being operated in a manner which violates the operational requirements or operational plan required by this Chapter, or operated in a manner which conflicts with state law.

B. Annual Review of Collective Dispensary Operations. The staff of the Community Development Department and the Police Department are hereby authorized to conduct an annual review of the operation of each permitted Storefront Collective Dispensary within the City for full compliance with the operational and recordkeeping requirements of this Chapter, including specifically, annual verification that all persons employed or volunteering at the Storefront Collective Dispensary have not been convicted of or on probation for a crime related to the possession, sale, or distribution of controlled substances. A fee in an amount established by resolution of the City Council may be established in order to reimburse the City for the time

involved in the annual review process. The staff may initiate a permit suspension or revocation process for any Storefront Collective Dispensary which, upon completion of an annual review, is found not to be in compliance with the requirements of this Chapter or which is operating in a manner which constitutes a public nuisance.

C. Suspension or Revocation - Written Notice. Except as otherwise provided in this Chapter, no permit shall be revoked or suspended by the Staff Hearing Officer under the authority of this Chapter until written notice of the intent to consider revocation or suspension of the permit has been served upon a Management Member or the person to whom the permit was granted at least ten (10) days prior to the date set for such review hearing. Such revocation or suspension notice shall state the specific reasons for the proposed suspension or revocation and must have been provided to the permittee in writing prior to the hearing. Such notice shall contain a brief statement of the grounds to be relied upon for revoking or suspending such permit. Notice may be given either by personal delivery to the permittee, or by depositing such notice in the U.S. mail in a sealed envelope, postage prepaid, (via regular mail and return receipt requested), addressed to the person to be notified at his or her address as it appears in his or her application for a Storefront Collective Dispensary permit.

Section 28.80.130 Transfer of Collective Dispensary Permits.

A. Permit - Site Specific. A permittee shall not operate a Storefront Collective Dispensary under the authority of a Storefront Collective Dispensary permit at any place other than the address of the Collective Dispensary stated in the application for the permit. All Collective Dispensary permits issued by the City pursuant to this chapter shall be non-transferable to a different location.

B. Transfer of a Permitted Collective Dispensary. A permittee shall not transfer ownership or control of a Storefront Collective Dispensary or attempt to transfer a Collective Dispensary permit to another person unless and until the transferee obtains an amendment to the permit from the Staff Hearing Officer pursuant to the permitting requirements of this Chapter stating that the transferee is now the permittee. Such an amendment may be obtained only if the transferee files an application with the Community Development Department in

accordance with this all provisions of this Chapter accompanied by the required transfer review application fee.

C. Request for Transfer with a Revocation or Suspension Pending. No Storefront Collective Dispensary permit may be transferred (and no permission for a transfer may be issued) when the Community Development Department has notified in writing the permittee that the permit has been or may be suspended or revoked for non-compliance with this Chapter and a notice of such suspension or revocation has been provided.

D. Transfer without Permission. Any attempt to transfer a Storefront Collective Dispensary permit either directly or indirectly in violation of this Chapter is declared void, and the permit shall be deemed revoked.

Section 28.80.140 Medical Marijuana Vending Machines.

No person shall maintain, use, or operate a vending machine which dispenses marijuana to a qualified patient or primary caregiver unless such machine is located within the interior of a duly permitted Collective Dispensary.

Section 28.80.150 Business License Tax Liability.

An operator of a Storefront Collective Dispensary shall be required to apply for and obtain a Business Tax Certificate pursuant to Chapter 5.04. as a prerequisite to obtaining a Storefront Collective Dispensary permit pursuant to the terms of this Chapter. When and as required by the State Board of Equalization, Storefront Collective Dispensary transactions shall be subject to sales tax in a manner required by state law.

SECTION TWO.

A. Dispensaries Open and Operating Legally Prior to the Effective Date of This Ordinance. Those dispensaries which have opened and are being operated in a manner consistent with state law and the Santa Barbara Municipal Code prior to the effective date of this Ordinance and which are either located at a location no longer permitted for dispensaries pursuant to this Ordinance or are operated at locations which have never been issued a City dispensary permit may, despite a non-conforming location or despite not having been issued a City dispensary

permit, remain as a legal non-conforming use for a period not exceeding one hundred eighty (180) days after the effective date of this Ordinance so long as those such dispensary operators comply with the following requirements during the one hundred eighty (180) day amortization period:

1. the day-to-day operation of the dispensary is consistent with all of the day-to-day dispensary operational and recordkeeping requirements of Chapter 28.80, as revised and enacted by this Ordinance, and;

2. the operation of the dispensary has not previously been and is not discontinued in its operation for a period of time in excess of thirty (30) consecutive days;

3. the dispensary operator does either of the following: (a) applies for and obtains a City Collective Dispensary permit for its existing location (if such location is allowed under this Ordinance) or applies for a permit for new dispensary location pursuant to the requirements of this Ordinance prior to the expiration of the amortization period, or (b) the operator advises the City in writing of his or her intent to discontinue operation of the nonconforming dispensary upon the expiration of the one hundred eighty (180) period - which application or written advisement shall occur within sixty (60) days of the adoption date of this ordinance.

SECTION THREE. City Ordinance No. 5510 entitled "An Ordinance Of The Council Of The City Of Santa Barbara Extending A Temporary Suspension Of The Right To Apply For Or To Obtain A Permit For The Opening Or Operation Of Medical Marijuana Dispensaries Otherwise Permitted By Santa Barbara Municipal Code Chapter 28.80 On An Interim Basis" adopted on February 2, 2010 is hereby repealed as of the effective date of this Ordinance.

SECTION FOUR. This ordinance shall not take effect and shall be deemed repealed unless, prior to its effective date, the City Council adopts a resolution calling for a special City election on the regularly scheduled statewide election date of November 2, 2010 in order to submit to the voters of the City for their consideration and possible approval (pursuant to state Elections Code section 9222) an ordinance of the City to ban the operation of all medical marijuana storefront dispensaries within the City of Santa Barbara.

EXHIBIT A TO ORDINANCE NO. 5526
MEDICAL MARIJUANA DISPENSARIES
SANTA BARBARA MUNICIPAL CODE CHAPTER 28.80
ALLOWED LOCATION EXHIBIT
DATED AS OF JUNE 22, 2010

1. **Outer State Street Area:**

    a. 3400 - 3900 blocks of State Street
    b. All parcels on south La Cumbre Road
    c. All parcels on south La Cumbre Lane
    d. All parcels on La Cumbre Plaza Lane
    e. 00-100 blocks of south Hope Avenue

2. **Upper De la Vina Area:**

    a. 2600 – 2900 blocks of De la Vina Street

3. **Mission Street Area:**

    a. 1900-2000 blocks of De la Vina Street
    b. 100 block of west Mission Street
    c. 1800 block of State Street
    d. 1400 block of Chapala Street

4. **Milpas Street:**

    a. 00–400 blocks of north Milpas Street

5. **West Pueblo Medical Facility Area:**

    a. 200 block of Nogales
    b. 200-400 blocks of west Pueblo
    c. 2400-2500 blocks of Bath
    d. 2300 block of Castillo
    e. 300 block of West Junipero

ORDINANCE NO. 5526

STATE OF CALIFORNIA)
)
COUNTY OF SANTA BARBARA) ss.
)
CITY OF SANTA BARBARA)

I HEREBY CERTIFY that the foregoing ordinance was introduced on June 22, 2010, and was adopted by the Council of the City of Santa Barbara at a meeting held on June 29, 2010, by the following roll call vote:

AYES: Councilmembers Dale Francisco, Frank Hotchkiss, Michael Self, Bendy White, Das Williams; Mayor Helene Schneider

NOES: Councilmember Grant House

ABSENT: None

ABSTENTIONS: None

IN WITNESS WHEREOF, I have hereto set my hand and affixed the official seal of the City of Santa Barbara on June 30, 2010.

Cynthia M. Rodriguez, CMC
City Clerk Services Manager

I HEREBY APPROVE the foregoing ordinance on June 30, 2010.

Helene Schneider
Mayor