



CC Regular Meeting AGENDA ITEM REPORT

Meeting:	July 15, 2025
Title:	Proposal for a 3,443 square-foot Cannabis Retail Establishment
Presented by:	Eduardo Lomeli, Assistant Planner
Recommendation:	<p>City Council consideration of the following:</p> <ol style="list-style-type: none">1. City Council Adoption of Resolution CC 2025-87, conditionally approving Conditional Use Permit (CUP) 25-003, Site Plan Review (SPR) 25-032, Development Agreement and determination of exemption from CEQA: a request to approve a Cannabis Retail establishment (“Rilano”), expand an existing 2,137 square-foot commercial retail space an additional 1,306 square feet, totaling 3,443 square feet of cannabis retail space, and associated tenant improvements, within the Mixed-Use Overlay District (MUOD) / Commercial (Regional or Community Shopping Center) C-3A zone, located at 216 E Rowland St, Covina, CA, 91723 (APN: 8451-001-019) and making a finding of exemption under CEQA; and.2. Waive full reading, read by title only, and introduce Ordinance 25-07 entitled, “An Ordinance of the City of Covina approving a development agreement between Rilano Covina Inc, and the City of Covina, related to the approval of a 3,443 square foot cannabis retail establishment within the Mixed-Use Overlay District (MUOD) / Commercial (Regional or Community Shopping Center) C-3A zone, located at 216 East Rowland Street, (APN: 8451-001-019) and making a finding of exemption under CEQA”.

EXECUTIVE SUMMARY:

On June 24, 2025 the Planning Commission of the City of Covina conducted a duly noticed public hearing to consider a proposal for a three-thousand four-hundred and forty-three (3,443) square-foot tenant improvement to allow a cannabis retail establishment to operate in the Mixed-Use Overlay District (MUOD) / Commercial (Regional or Community Shopping Center) C-3A zone. at 216 E Rowland St

The Planning Commission concluded said hearing on June 24, 2025 and adopted Planning Commission 2025-011 and 012 PC by a 3-0-2 vote, recommending the City Council adopt the following items; Approving Conditional Use Permit (CUP) 25-003, Site Plan Review (SPR) 25-032, Development Agreement 25-001 and making a determination of exemption from the California Environmental Quality Act (CEQA) to allow the operations of a 3,443 square-foot cannabis retail establishment located at 216 E Rowland St (APN: 8451-001-019).

Prior to commencement of any commercial cannabis activities, the applicant must enter into a development agreement with the city. This agreement is a prerequisite for obtaining a conditional use permit and will outline the terms and conditions under which the cannabis business will operate, in addition to the requirements specified in this chapter. The conditions of the agreement shall include, but are not limited to:

- a) Public outreach and education.
- b) Payment of community benefit fees and any other charges agreed upon by both parties.
- c) Approval of architectural plans, which should include the site plan, floor plan, and elevation.
- d) Provisions for terminating the agreement or invalidating or revoking the conditional use permit.

- e) Indemnification of the city and all its officials and employees from actions by third parties. This includes, but is not limited to, enforcement issues arising from conflicts between state and federal law or challenges to the issuance of a permit for the cannabis business.
- f) Any other terms and conditions that will protect and promote the public health, safety, and welfare of all residents in the city.

A copy of the development agreement is attached. (Attachment No. B) Government Code section 65867 requires both the planning commission and by the city council to hold a public hearing to consider adoption of a development agreement. The development agreement contains all required terms and provisions consistent with state law as further detailed below.

BACKGROUND:

On February 25, 2025, the applicant submitted applications for a Conditional Use Permit and Site Plan Review to establish a cannabis retail store named “Better Daze”. The proposed facility will occupy an area of 3,443 square feet and will include interior and exterior tenant improvement to accommodate a cannabis retail store. A comprehensive review and analysis of the project were presented to the Planning Commission on June 24, 2025, and can be referenced in Attachment A.

The store is scheduled to operate daily from 9:00 am to 9:00 pm, with deliveries arranged during these hours. The business anticipates employing approximately 25-31 individuals. The customer-to-employee ratio must not exceed two customers per employee (2:1). During peak hours, the establishment will be able to serve up to 37 customers per hour.

Security measures for Better Daze will include one security guards and a video surveillance system. All entrances to the facility will be secured and locked, with non-public areas accessible only via electronic access panels. Devices known as "mosquitos" will be installed to deter vandalism, and a third-party monitoring company will oversee the facility after hours. The building will also feature gates and an alarm system, while nighttime security service patrols will occur.

The interior design will feature a modern design aesthetic that includes raw oak woodgrain laminate and matte white laminate finishes. The sales floor will showcase an open floor concept, which will include a lobby check-in area, a sales area with glass display cases and counters, as well as an employee area that consists of an office, break room, security vault, and a product intake/delivery room. Additionally, an ATM will be available on the sales floor. Natural Surveillance was also incorporated into several key functions of the business. A pony wall separates the screening lobby from the retail area, ensuring the orderly and controlled screening of those seeking entry to the retail area.

The proposed Commercial Cannabis Business is required to obtain three land use entitlements from the City: (1) a Conditional Use Permit (CUP 25-003), (2) Site Plan Review (SPR 25-032), and (3) a Development Agreement (DA 25-001). In conjunction with the consideration of these three land use entitlements, a determination is also required to be made pursuant to the California Environmental Quality Act. Separately from the land use entitlement process, a Cannabis Business Permit is required for the proposed business as required by the Covina Municipal Code. The facts and findings supporting the approval of all three land use entitlements (CUP 25-003, SPR 25-032 and DA 25-001) are contained in the June 24, 2025 Staff Report for the Planning Commission’s consideration of these applications, which Staff Report is attached as Attachment A to this Report. The facts and findings contained in that Report, together with the additional information in this Report, provide and contain the basis for the findings and approval of these land use applications by the City Council.

In addition, thereto, the Development Agreement contains the terms and conditions required by the City, agreed upon by the applicant and is compliant with state law. Specifically, the Agreement provides for a term of 15

years, subject to extension by mutual agreement of the City and Rilano (Section 3.5). It provides for the permitted uses of the property, intensity of use, the size of the operation and does not require dedication of land for public purposes (Section 4). The agreement also contains terms for operation by reference to the “Development Approvals” that Rilano must comply with in connection with the Project (Section 3.1.10 and Section 4). The Agreement also provides terms for consideration of future approvals. (Section 4.11). Various specific requirements are imposed on the operation of the commercial cannabis business that is permitted to operate pursuant to the Development Approvals and the Agreement, including the requirement for a Community Benefit Fee, provisions for job and wage creation and defense and indemnification

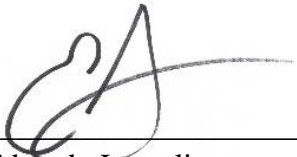
FISCAL IMPACT:

The adoption of a Development Agreement will enable the City to collect a community benefit fee of five percent (5%) of gross receipts plus an additional one percent (1%) of gross receipts that the applicants committed to provide in their application. This measure is intended to facilitate improvements and upgrades within the City and create employment opportunities for Covina residents. Additionally, this adoption will enable the cannabis business to collaborate with the City in establishing and implementing public outreach and education programs.

CEQA (CALIFORNIA ENVIRONMENTAL QUALITY ACT):

The proposed project is exempt from the requirements of California Environmental Quality Act (CEQA) under Section 15301(e)(1), for “additions to existing structures provided that the addition will not result in an increase of more than 50 percent of the floor area of the structures before the addition, or 2,500 square feet.” The proposed expansion is less than 50 percent, with an addition of 1,306 square feet to an existing 2,137-square-foot tenant space, totaling 3,443 square feet and occupying only 49.60% of the commercial center’s floor area. The project involves interior improvements and upgrades. No structural additions are proposed.

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'Eduardo Lomeli', written over a horizontal line.

Eduardo Lomeli
Assistant Planner