



CC Regular Meeting AGENDA ITEM REPORT

Meeting:	July 15, 2025
Title:	Proposal for a 3,956 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 2025-88, approving Conditional Use Permit (CUP) 25-004 and Site Plan Review (SPR) 25-039, and determination of exemption from CEQA, to approve a cannabis retail establishment (“Zen Garden”), in a 3,956 square-foot commercial tenant space and associated interior tenant improvements, within the Covina Town Center Specific Plan (CTCSP) Mixed Use (MU) Zone, located at 125 S Citrus Ave, Covina, CA, 91723 (APN: 8444-001-018), and making a finding of exemption under CEQA; and2. Waive full reading, read by title only, and introduce Ordinance 25-08 entitled, “An Ordinance of the City of Covina approving a development agreement between Zen GW Cali Partners LLC, and the City of Covina, related to approval of a 3,956 square foot cannabis retail establishment within the Covina Town Center Specific Plan (CTCSP) Mixed Use (MU) zone located at 125 South Citrus Avenue (APN 8444-001-018) 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 nine-hundred and fifty-six (3,956) square-foot tenant improvement to allow a cannabis retail establishment to operate in the Covina Town Center Specific Plan (CTCSP) / Mixed-Use (MU) District zone at 125 S Citrus Avenue, Covina, California 91723.

The Planning Commission concluded said hearing on June 24, 2025 and adopted Planning Commission 2025-013 and 014 PC by a 3-0-2 vote, recommending the City Council adopt the following items; Approving Conditional Use Permit (CUP) 25-004, Site Plan Review (SPR) 25-039, Development Agreement 25-002 and making a determination of exemption from the California Environmental Quality Act (CEQA) to allow the operations of a 3,956 square-foot cannabis retail establishment located at 125 S Citrus Ave (APN: 8444-001-018).

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 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 March 5, 2025, the applicant submitted applications for a Conditional Use Permit (CUP) and Site Plan Review (SPR) for an interior and exterior tenant improvement to accommodate a cannabis retail store to allow the sale of cannabis products within the City of Covina.

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 20-27 individuals. During morning hours, employees will work in the retail section, increasing to the number of employees during peak hours.

Security measures for Zen Garden will include one uniformed 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 will feature metal and woods as a main element of design. The crisply painted walls are in a neutral tone to highlight the alluring mix of tones and textures that create this overall aesthetically pleasing look. At the entrance, a welcoming area featuring metal façade scallops to highlight the natural light. For seating, deep olive-green velvet chairs in earthy hues are complimented by wood flooring and metal accents that create a lounge atmosphere. 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 glass 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 25-004), (2) Site Plan Review (SPR 25-039), and (3) a Development Agreement (DA 25-002). 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 25-004, SPR 25-039 and DA 25-003) 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 Zen Garden (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 Zen Garden 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

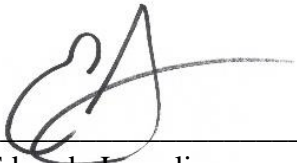
FISCAL IMPACT:

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) Guidelines under Section 15301 (1), for the project consists of the operation, repair, maintenance, permitting, leasing, licensing, and minor alteration of an existing private structure involving negligible or no expansion of an existing use, including interior or exterior alterations involving such things as interior partitions. The project involves interior improvements and upgrades to an existing facility. 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