



City of Apache Junction
Development Services Department



Date: July 18, 2018

To: Planning and Zoning Commission Members

Through: Larry Kirch, Development Services Director

From: Rudy Esquivias, Senior Planner/Zoning Admin.

Subject: July 24, 2018, P&Z Commission Public Hearing Item:
CUP-3-18 - Conditional Use Permit Amendment Request
By Svaccha LLC (continued from 7-10-18 meeting)

Update

At their meeting on July 10, 2018, the planning and zoning commission continued case CUP-3-18 to their meeting on July 24, 2018. Case CUP-3-18 requests an amendment to the CUP granted under Planning and Zoning Commission Resolution No. CUP-5-17, which conditionally approved a non-profit medical marijuana dispensary for Svaccha LLC, to be located at 1985 W. Apache Trail, Suite #4. The amendment request complies with condition #13 of CUP-5-17, wherein the city is being informed of changes in ownership and management for Svaccha LLC. The applicants are also requesting a 6-month time extension to open the dispensary and to expand the floor area of the dispensary by another 190 square feet.

The commissioners continued the case because they wanted a better explanation of the ownership and management structure for Svaccha LLC. They also specifically wanted to know who will be the responsible party for the proposed local dispensary. Attached please see Mr. Baugh's explanation letter and corporate flow chart for the ownership and management entities who will operate the Svaccha LLC dispensary, which will operate under the name, Nirvana Dispensary. Mr. Baugh also informed me that the individuals who will oversee the day to day operations of the dispensary will be Sheraz and Sarah Warraich. Their phone and e-mail contact information was also provided. Staff also forwarded this updated information to Chief Kelly and Captain Mullender for their review.

Attachments:

- E-mail exchange with Mr. Baugh and explanation letter dated 7-17-18
- CUP-3-18 P&Z staff report from 7-10-18 with all attachments

Rudy Esquivias

From: Adam Baugh <adam@witheymorris.com>
Sent: Tuesday, July 17, 2018 2:28 PM
To: Rudy Esquivias
Cc: Larry Kirch; Joel Stern
Subject: RE: Next P&Z hearing

Rudy,
Here is Sarah's contact info.
Sarah Michelle Warraich
Phone- 816-377-5914
Sarahmw786@gmail.com

G. Adam Baugh, Esq.
Withey Morris PLC
2525 E Arizona Biltmore Circle #A-212
Phoenix, AZ 85016
Ph: (602) 230-0600
Fax: (602) 212-1787



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From: Adam Baugh
Sent: Tuesday, July 17, 2018 2:26 PM
To: Rudy Esquivias
Cc: Larry Kirch ; Joel Stern
Subject: RE: Next P&Z hearing

Thanks guys, and thanks for helping us work though this.

G. Adam Baugh, Esq.
Withey Morris PLC
2525 E Arizona Biltmore Circle #A-212
Phoenix, AZ 85016
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From: Rudy Esquivias <resquivias@ajcity.net>
Sent: Tuesday, July 17, 2018 2:23 PM
To: Adam Baugh <adam@witheymorris.com>
Cc: Larry Kirch <lkirch@AJCity.Net>; Joel Stern <jstern@ajcity.net>
Subject: RE: Next P&Z hearing

Perfect. Thanks Adam and have a good trip.

From: Adam Baugh [<mailto:adam@witheymorris.com>]
Sent: Tuesday, July 17, 2018 2:18 PM
To: Rudy Esquivias
Cc: Larry Kirch; Joel Stern
Subject: RE: Next P&Z hearing

Sarah's last name is Warraich, and is married to Sheraz. Sheraz's email is sherazw786@gmail.com and his phone number is 928-642-2250. I'll ask for Sarah's too. I know they are going to be out of town next week but let me see if I can get her full contact info.

G. Adam Baugh, Esq.
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From: Rudy Esquivias <resquivias@ajcity.net>
Sent: Tuesday, July 17, 2018 2:10 PM
To: Adam Baugh <adam@witheymorris.com>
Cc: Larry Kirch <lkirch@AJCity.Net>; Joel Stern <jsstern@ajcity.net>
Subject: FW: Next P&Z hearing

Thanks Adam. And what is Sheraz' phone number and e-mail address? Will Sarah Ward (the lady who spoke at the P&Z hearing) be the local on-site manager, similar to Kim or Paul over at Nature's Wonder? What is Sarah's phone number and e-mail address? Thanks.

From: Adam Baugh [<mailto:adam@witheymorris.com>]
Sent: Tuesday, July 17, 2018 1:53 PM
To: Rudy Esquivias
Subject: RE: Next P&Z hearing

Rudy,
Attached is the letter and chart. Please let me know if you have any questions.

G. Adam Baugh, Esq.
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From: Rudy Esquivias <resquivias@ajcity.net>
Sent: Monday, July 16, 2018 3:37 PM
To: Adam Baugh <adam@witheymorris.com>
Subject: RE: Next P&Z hearing

A week from tomorrow, July 24. Please try and send me whatever you are going to send me no later than this Wednesday, because Commission packets go out Thursday morning. Thanks. – Rudy -

From: Adam Baugh [<mailto:adam@witheymorris.com>]
Sent: Monday, July 16, 2018 3:23 PM
To: Rudy Esquivias
Subject: Next P&Z hearing

Rudy,

What date is the next P&Z hearing?

G. Adam Baugh, Esq.
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Phoenix, AZ 85016
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2525 E. Arizona Biltmore Circle, Suite A-212, Phoenix, AZ 85016

July 17, 2018

Rudy Esquivas
Senior Planner/ Zoning Administrator
Planning & Development Department
300 E. Superstition Blvd
Apache Junction, AZ 85119

RE: Case No. CUP5-17 / Svaccha LLC

Dear Mr. Esquivas:

As directed by the Planning Commission, the purpose of this letter is to better describe the ownership entity and management company for Svaccha, LLC. This letter also emphasizes the basis for evaluating the Conditional Use Permit (CUP) amendment request.

Ownership and Management

Harvest Dispensaries, Cultivations & Production Facilities, LLC owns and operates many medical marijuana entities across the country. Harvest's board of managers are: Steve White, Paul Nowak, Matt Waltz, and T. Jason Vedadi.

Two of Harvest's wholly owned/controlled subsidiaries are Svaccha, LLC and Randy Taylor Consulting, LLC. The sole member of each is Harvest Dispensaries, Cultivations & Production Facilities, LLC. See attached chart.

In Arizona, medical marijuana companies always utilize a management company to operate their license-holding companies. In line with that practice, Randy Taylor Consulting acts as the management company for Svaccha. For our Apache Junction site, we are contracting with a local operator to operate the dispensary. That company is SSW Investments III, LLC (dba, Nirvana) whose member is Sheraz Warraich. Mr. Warraich will be the primary point of contact with the city and will be running the daily operations.

This business organization and management structure is both customary and consistent with all laws and state regulations, including all regulatory filings with the Arizona Department of Health Services, the state agency which administers the medical marijuana program.

Zoning Compliance

The approved location complies with all zoning and spacing requirements codified in the Apache Junction zoning code and satisfies all the CUP approval criteria. The zoning ordinance and CUP criteria is the basis for the original approval and continues to be the basis still today.

The Zoning Ordinance does not require the disclosure of ownership entities (or its member names or management companies), nor is it part of the listed criteria in evaluating the land use

elements of a conditional use permit.

The city's stated purpose of requesting the ownership information is to be aware of the principals managing the daily operation in case there is a need for future contact or collaboration. Hence Stipulation 13, which requires that updated information to be provided through the CUP amendment process. Without this stipulation, the city has no way of requiring that information precisely because it is not listed as a code requirement.

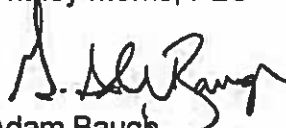
Having satisfied this stipulation, the focus turns to the actual zoning and spacing standards listed in the Apache Junction Zoning Ordinance, Section 1-6-12(F). This location complies with every single requirement listed in the zoning code. It is zoned B-2 which is the correct category for a medical marijuana use. It meets all the minimum spacing standards from other MMJ facilities, parks, schools, library, daycare, and rehabilitation centers. The site also satisfies every operating requirement listed in the code including: no drive thru, no outdoor seating, security plan, floor plan, no on-site consumption, sales to patient cardholders only, appropriate signage, and more.

As with the original CUP approval, the operator will continue to observe all requirements of the State law, Apache Junction Zoning Ordinance, including security plan, operations and procedures, and any attendant stipulations of approval. Essentially, the status quo remains the same and the dispensary will open at this location.

We respectfully request that you accept this letter as a formal request to amend CUP5-17. Please let me know if you require additional information or documents to address this request.

Sincerely

Withey Morris, PLC


Adam Baugh



- 100%
- Manager: Paul Nowak
- Member: Harvest Dispensaries, Cultivations & Production Facilities, LLC

- 100%
- Member/Manager: Harvest Dispensaries, Cultivations & Production Facilities, LLC

- Member/Manager Sheraz Warraich

Harvest Dispensaries, Cultivations & Production Facilities, LLC

Managers:

Steve White
Paul Nowak
Matt Waltz
Jason Vedadi