

Maricela Hernandez

Subject: Commercial Cannabis in Calabasas - Item 9 on Jan 25th Agenda- Item 9 Correspondence

From: Tim Dodd <tim@sweetflower.com>

Sent: Tuesday, January 24, 2023 1:11 PM

To: James Bozajian - External <jrbozajian@earthlink.net>; Peter Kraut <pkraut@cityofcalabasas.com>; David Shapiro <dshapiro@cityofcalabasas.com>; Alicia Weintraub <aweintraub@cityofcalabasas.com>; Edward Albrecht <ealbrecht@cityofcalabasas.com>; info <info@cityofcalabasas.com>

Cc: Kindon Meik <kmeik@cityofcalabasas.com>; Michael Klein <mklein@cityofcalabasas.com>

Subject: Commercial Cannabis in Calabasas - Item 9 on Jan 25th Agenda

Good afternoon honorable Mayor Shapiro, honorable City Council Members, City Manager Mr. Meik and Community Development Director Mr. Klein -

My name is Timothy Dodd, and I am a decade-long resident of Calabasas, an enthusiastic supporter of the city, a proud and involved father of four (all of whom attend/graduated from Chapparral, AC Stelle and Calabasas High), and a proponent of strong, sensible and community focused businesses.

I am also the co-founder and CEO of one of California's leading independent cannabis retailers, Sweet Flower.

First, I would like to commend City staff on their thoroughness and diligence in preparing the staff report and accompanying material, which in my experience is among the best staff reports I have seen. This portends well for the success of a potential regulatory program in Calabasas.

Second, I wish to offer my support for Staff's recommendation in the matter of commercial cannabis activity in Calabasas and would request the City Council adopt staff's recommendation to authorize a well thought out, robust and rigorous cannabis retail regulation program in Calabasas, to encompass adult use dispensary and delivery sales, and to be awarded via a merit-based selection process.

Third, as Sweet Flower has won more premium licenses in premium locations than any other cannabis retailer and is privileged to operate multiple stores in premium markets including the City of Pasadena, the City of Culver City, the City of Chico, and in the City of Los Angeles - in Westwood on Westwood Blvd., in Studio City on Ventura Blvd, on Melrose Ave. near West Hollywood, and in the Downtown Los Angeles Arts District, I would like to provide some recommendations based on our extensive experience and best practices from other cities.

1. **Localism** – first, and most importantly, good cannabis businesses reflect the communities they serve. Many cities now require a local owner be involved in the business, and to avoid “rent-a-local” schemes, most cities now require 51% ownership of the business by an experienced local owner with relevant business and cannabis experience. We recommend the city implement a local ownership preference (while a local ownership requirement is potentially non-constitutional, a city can express a preference for local ownership and may reward that preference by the designation of additional points in a competitive process). This is the most important premise of a well-run and community focused cannabis business, and a local ownership preference by true local owners with actual cannabis experience should be adopted by the city of Calabasas for any potential cannabis program.
2. **Transparency** - the staff report correctly states that a competitive merit based process should consider and be vetted pursuant to detailed objective review criteria. We cannot highlight this point enough; we have seen other cities where subjective criteria were instead used, resulting in delay, mis-scoring and litigation. Should the city

consider a merit based process, it must set forth in advance clear objective review criteria and vet all applicants transparently in the same way.

3. **Trust** – the staff report cites HDL Companies in a number of instances; HDL Companies is a trusted expert in cannabis licensing, and in the cities we have worked in that have used HDL Companies throughout, the outcome has been preferential to the city in terms of objectivity, speed and lack of real litigation threat from unsuccessful applicants. We would recommend that Calabasas use HDL Companies throughout the entire process.
4. **Free of outside influence** – it is not uncommon at this early stage in a process for potential applicants to assemble a fleet of consultants, lobbyists, ex-city officials, ex-City Council members etc. to act as “surrogates” or consultants for a potential applicant. Given the prominence of the city of Calabasas in the national psyche, we would expect that many applicants will find the potential to win a license here to be attractive and will quickly assemble consultants, lobbyists and other surrogates to begin influence peddling in the city. In our experience, good lobbyists do not make good cannabis operators. To reduce and potentially eliminate the attendant risks with this behavior, we would recommend that City Council members and city staff are placed on a “no contact” list immediately, today, and no contact between cannabis companies, cannabis applicants, and especially their surrogates, consultants, lobbyists or others who would seek to gain influence, be permitted. The City of Calabasas should create an e-mail reflector and all questions and answers should be directed to that e-mail address, all of which should be made publicly available.
5. **Diligence** - we have noted that in some cases background checks are insufficient to detect potential issues at a state or local level with owners and applicants. While Livescans are useful, these are not always able to detect state or local issues with cannabis licensure. We would suggest that the city undertake more intensive forms of background checking and application checking to make sure that everyone is who they say they are, do not have disqualifications based on license suspension in other cities, are not facing felony charges, and are acting in good faith. This diligence may include reference checks with city officials in cities where the applicant states they conduct business.
6. **No sale of license or change of control** - increasingly cannabis applicants may not actually intend to open and operate the business but are in the market only to win a license to then sell it. We would recommend (i) a time period by which the licensed business needs to be open and operating by, or the license is otherwise automatically forfeited, (ii) the license itself be non-transferable, and (iii) that there can be no change of control - not just of the entity that holds the license, but of the control person- i.e. the original owner or applicant must remain with the business. We would recommend that these prohibitions on sale, transfer or change of control remain in place for three to five years post grant of the license, so that companies may sell at some point, but need to get operational and drive tax revenues to the city first. Any eventual transfer should only occur with the prior approval of the City.
7. **Capital adequacy** - many cannabis companies are under-capitalized. We believe many potential applicants may be “swimming naked,” which will be problematic if the economic tide were to go out. We recommend that the city scrutinize the financials of each applicant.
8. **Fair market lease terms** - it is not uncommon at this early stage of the process for predatory brokers to take out speculative options or subleases on buildings they believe are potentially zoned for cannabis, increasing the costs of leasing for cannabis operators. This does not help the city or potential operators, and we would urge the city to require that all rents are at fair and market rates.
9. **Consultants** – it is not uncommon for applicants to hire consultants to write their applications for them. We understand not all applicants can write an application in house, but we would caution that we have seen the same consultant write the same basic application for numerous applicants in the same process. The outcome of the process should not be determined by who hires which consultant, or a “tragedy of the commons” whereby many applicants submit the same basic application. Short of barring consultants altogether (although we would support that), we would encourage the city adopt a rule that a consultant may only write ONE application for ONE applicant.
10. **Interview** – it is important that the City meet the owners of these businesses face to face, as part of the selection process. Further, only actual business owners (preferably local) should be permitted in the interview, and consultants or non-owners should be barred from attending.

11. **Community Benefits** – the city should require a robust community benefits program from all applicants, in addition to taxes paid; in our view, the best programs are clearly defined and concrete, rather than vague promises to donate to certain charities of applicant’s choice.

I hope these additional recommendations are of use to the City.

As someone who has the privilege and pleasure to call Calabasas home, I wish only for the best local operators to be successful here, and for Calabasas to continue to lead the way forward in creating a best-in-class commercial cannabis program that reflects our city’s values.

Thank you,

Tim Dodd
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Maricela Hernandez

From: Maricela Hernandez
Sent: Monday, January 30, 2023 8:02 AM
To: Alicia Weintraub (aweintraub@cityofcalabasas.com); David Shapiro (dshapiro@cityofcalabasas.com); Ed Albrecht; James Robert Bozajian; Peter Kraut
Cc: Kindon Meik (kmeik@cityofcalabasas.com); Matthew T. Summers; Michael Klein
Subject: FW: For City Council-members: Re: Commercial cannabis

-----Original Message-----

From: kavflyer (null) <kavflyer@aol.com>
Sent: Sunday, January 29, 2023 9:41 PM
To: info <info@cityofcalabasas.com>
Subject: For City Council-members: Re: Commercial cannabis

Hello,

Please forward this email to the City Council members.

I strongly oppose having commercial cannabis (esp adult use) available for sale in Calabasas. I agree with James Bozajian's comments and I agree with the last public speaker on 1/25. It is indeed completely inconsistent with the leadership the city has taken in prohibiting smoking on public grounds and in prohibiting vaping sales.

If we even have to ask 'how safe is this business for our community', why are we spending our precious city council resources on a task force to look into it, vs working on higher priority needs? I do not understand how this merits the city resources for 'discussion', etc, vs. other needs - unless we're only looking for tax revenue?

If the city were to decide to allow a commercial cannabis facility, what is this notion of 'making it discreet'? Whatever is approved in our city should not have to hide. It should be something most residents support.

I do not support it.

Sincerely,
Kristina Vieten
Saratoga Hills

Sent from my iPhone