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Subject: FW: TIME SENSITIVE- Agenda Item tonight

Importance: High

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Sent: Tuesday, May 26, 2020 3:06 PM
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Dear Mayor Casillas Salas, and Councilmembers Galvez, Padilla, Diaz and McCann;

First, I hope this finds you all safe and well - and Councilman Padilla, we are very grateful for your recovery. These are indeed, unprecedented times as we fight Covid-19.

I understand you are considering increasing the number of cannabis businesses allowed in the city, and I STRONGLY encourage you to do so. In your decision making, I urge you to become informed on actual facts, not fall prey to old biases, unwarranted fears, stereotypes, and outdated information.

The economic ruin of Covid-19 hasn't even set in yet to cities around the State of California, who are *all* now considering cannabis businesses (deemed an essential business by Governor Newsom) as an economic lifeline after losing hospitality, tourism, and retail revenue and jobs, devastated for months - if not years - to come. Not to mention the additional unplanned public health costs of Covid-19.

First a few facts. National City (pop 61,653) has approved an ordinance draft for six licensed cannabis businesses, three of which can house consumption lounges, without the taxation measure required as they are opting for development agreements. They are planning on fast tracking these. That's one business for every 10,000 residents. The progressive and business friendly stance right next door to Chula Vista will most likely draw capital originally slated for Chula Vista to their city instead (as a cannabis investor myself, I can attest to that attraction).

The County of San Diego will have a 3-2 vote to allow regulated cannabis in 2021 with the new District One Supervisor (either Nora Vargas or Ben Hueso, both of whom are openly cannabis friendly candidates). This will bring additional cannabis businesses to unincorporated areas like Bonita in the Chula Vista trading area and throughout the county. The county will likely have a business friendly stance, too.

Chula Vista is about to have several competitive situations where business owners—which, to be clear is exactly what cannabis operators are—will have to gauge where to invest their capital and create new jobs (living wage jobs in my case). While the mayor and most city council members have been vocally in favor of permitting cannabis businesses, the almost TWO YEARS of process, with zero licenses awarded as of this date, has revealed that the city, or elements within it, are not as interested as the mayor and council in executing this directive of policy. That sends a message to capital investors. No legitimate business wants to invest in a city that doesn't really want it's investment when there are other options close by. Central California cities are now facing this same dilemma with one successful multi-million dollar

manufacturer pulling up stakes and moving to the next town over. These are honest, tax paying mainstream businesses now. And they are deemed essential.

Last week in the city of Los Angeles, twelve firefighters were injured, two critically, including a Fire Captain who has lost the use of both of his hands, while responding to a fire at an unlicensed wholesale vape manufacturing supply house whose owners were engaged in illegal cannabis businesses. The failure of Los Angeles to license even a SINGLE legal manufacturer in two years, coupled with lax LAPD enforcement against illegal operators is what policy makers agree led to this tragic public safety disaster. The black market thrives while cities' processes inexplicably drag on. You only have to look at Councilman Diaz's district to see that first hand. The lack of enforcement, combined with municipalities like Chula Vista's foot-dragging on licensing, is unsustainable and growing more dangerous to peace officers by the day.

A lot has changed since Chula Vista originally passed Chapter 5.19 of its municipal code. If Chula Vista had licensed their applicants in the same timely manner as say, Desert Hot Springs, California, you would be collecting taxes of *\$120,000 a week* (based on your tax revenue projections) and have over \$10 million already collected. The ordinance is now dated in several ways. Delivery is statewide, delivery-only licenses are no longer necessary. Artificially restricting storefronts from delivery puts your Chula Vista storefront businesses at a statewide disadvantage. The original regulations exhibited good intentions to strictly regulate every aspect of cannabis businesses. They are now outdated, and unnecessarily heavy-handed when compared to how other California jurisdictions' regulations have evolved.

Meanwhile, with each passing week, the City of Chula Vista loses another \$120,000 in tax revenue.

Bend, Oregon, where my business partners have operated three legal adult-use cannabis dispensaries in full compliance for over 5 years - has 30 storefronts for a city population of 97,000. The state of Oregon has a ratio of one cannabis dispensary for every 9,500 residents. Colorado has one cannabis dispensary for every 11,300 residents. None of these locations are suffering from increased crime or illegal cannabis shops. They are funding schools, libraries and parks with this tax revenue.

There is virtually ZERO cannabis black market in Bend, Oregon. It has been snuffed out by competitive legal businesses. That is the free-market at work.

Chula Vista can have that success if leadership demands it. Continuing to drastically suppress the number of outlets will just continue to invite the mischief that the city has struggled with for years and purports to want to fix. A reasonable number of retail outlets, based on population, would be a minimum of 26-30 storefronts which all include delivery options.

Please read [this Op-Ed from the Chula Vista Star News](#) that I wrote in August, 2019. It will give you a good overview of the history of cannabis, and will help explain the origins many of the outdated biases that may be hampering the licensing of legal cannabis businesses in Chula Vista.

If you have any questions, please call my personal cell at 404-444-1533. I serve on the National Cannabis Industry Association MAC Committee, and know what success looks like both here in California, and in other states. As you know too well, the Covid-19 pandemic is decimating municipal budgets. Legal cannabis businesses are a hedge against economic disaster. Also, as a board member of the South County Economic Development Council, I'm happy share updated economic impact numbers for cannabis growth.

While you, the city leaders, have decided on a path to licensing cannabis businesses in Chula Vista, it appears that city employees are the ones actually setting policy. Your actions tonight will inform the public as to which way you wish to lead the city regarding business investment here.

By referendum, your citizens have demanded access to legal and safe cannabis products in Chula Vista, but they are currently paying 15.75% sales tax to the city of San Diego to access those products. You have the power to fix this once and for all. The future is calling. I urge you to answer that call.

Sincerely,

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“Are we being good ancestors?” - Dr. Jonas Salk

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