



March 15, 2021

City of Merced
Mayor Matthew Serratto
Council Member Jesse Ornelas
Council Member Fernando Echevarria
Council Member Bertha Perez
Council Member Kevin Blake
Council Member Sarah Boyle
Council Member Delray Sheton

To the honorable Mayor and Council Members:

As the CEO and founder of Pro Farms, I wanted to take this opportunity to communicate to the city council in reference to ITEM I-1 on the agenda for your March 15th council meeting.

My name is Wil Crummer and I am the Founder and CEO of Pro Farms. We have been operating in the legal cannabis market for many years. Pro Farms currently has under contract a large industrial property which we would like to license as a manufacturing and distribution hub.

In the past 12 months our operations have provided well over 200 jobs and millions in tax revenue to the counties we operate in. We have become one of the largest tax payers in the counties and remain the gold standard of compliance in all of our operations.

We are looking to expand our operations to Merced and become a strong partner in your community. Our goal is to transform our property, which has sat dormant for over 12 years, into a cannabis facility that is licensed for cultivation, manufacturing, processing, and distribution.

We project that our project would have the following economic impact to the Merced community:

- Employing over 200 individuals with an average salary over \$50,000 per year;
- Revitalizing a large property that has been underutilized;
- Planned development creating additional jobs



In order to provide this opportunity and ensure long-term sustainability for the city of Merced, we ask that the City Council revise the current framework of cannabis tax code and structure. It is our opinion that Merced's city's current tax structure would inhibit and even prevent the sustainability of cannabis in the city. We have seen that municipalities in California that are attracting large operators have between a **ZERO and 4%** tax on the gross receipts of the material that is being sold out of the facility.

We are requesting the City Council to modify the tax code as follows:

- Distribution and Processing: 0% gross receipts
- Manufacturing: 2% gross receipts
- Cultivation and Nursery: 2% gross receipts

We believe that square footage tax rates are very difficult and risky for operators to commit to as pricing in the cannabis market continues to compress. Calculating the taxes based off of gross receipts is much safer for startup companies and applies the taxes more fairly (the more sales you have the more taxes you pay). We want to motivate cannabis companies to come to the area and promote a tax structure that is sustainable for the long run. We hope that the city of Merced will see cannabis as a long-term contributing force for the community. Pro Farms welcomes the opportunity to further illustrate the details of our proposed operation and offer a tour and in-depth discussion to appropriate representatives of the city.

We, at Pro Farms, have received a warm welcome from the Merced business community and the city staff which has been very helpful.

Please contact us if you have any questions.

Thank you for your time and consideration.

Wil Crummer
Founder & CEO Pro Farms
Email: wil@profarms.farm
Cell: 805 735 2992