

Levesque, Jennifer

From: jeremy Martinez [REDACTED]
Sent: Monday, March 15, 2021 12:36 PM
To: cityclerk
Subject: Industry Input Regarding Direction on Possible Changes to the Commercial Cannabis Business Permits Ordinance

First and foremost, thank you Mayor and Council for taking the time to allow us to provide some input regarding the revisiting of Merced's Cannabis Ordinance. We have enjoyed operating in the City of Merced as a cannabis retail store (recreational/medical) over the last year and would like to thank the city staff and community for their welcoming nature.

Over the last year, the cannabis industry has provided the city with a substantial amount of tax revenue through Measure Y. Multiple city departmental budgets, as well as the discretionary budget for the City of Merced has benefited from this revenue stream; especially during this pandemic and accompanying economic downturn occurring during 2020.

I mention this for a reason. Despite what many may think, the cannabis industry itself operates under heavy taxation (state/local) and intense regulation. Couple the state/local taxes with low profit margins resulting from local market pricing conditions set by other cannabis retail stores in the area, and we are nowhere near the typical retail margins seen in other industries. I heard the city council meeting a month ago where it was mentioned that there was a lot of money being made. This has some weight, but much of it passes through onto taxes, vendor costs, and regulations.

I'll keep this short and concise in the interests of moving the ball forward, as this will likely be a lengthy discussion for staff and council I'm sure. Below you will find a few comments related to the ordinance being revisited today:

1) We would like the council to consider expanding the hours of operations for retail stores. Under the current ordinance, we are closed at 9PM. Manzanita is requesting the council to consider expanding those hours of operation to 10PM in lieu of 9PM. According to our sales projections, we could bring in another \$364,000 in revenue of which results in increased tax revenue for the city and we are only one of 3 operating dispensaries. I've yet to locate and/or hear of any issues related to crime associated with cannabis retail/medical stores since the ordinance was put into place. I know there was some risk associated with hours of operations as it relates to crimes being committed during and/or after that time such as DUI's and such. Again, I've yet to see compelling data hindering the consideration to allow us to operate an extra hour.

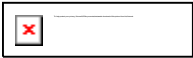
Summatively, many other retail establishments are open past 9PM and many of those serve alcohol and/or sell tobacco related products. I only mention these, as our industry is sometimes haphazardly lumped in with these sectors when considering policy for the city. We ask that you please consider expanding the hours of operation with consideration for the above-said input.

2) We simply want to emphasize our support for increasing the local points awarded to local businesses owned, operated and/or employing local Merced residents.

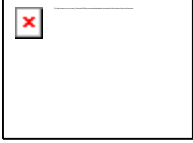
In closing, we want to take time to thank you all again for being forward thinking when bringing this industry into Merced and importantly, for revisiting this ordinance and allowing input and/or consideration from our industry.

Thanks again for your time.

Jeremy Martinez, MPA



General Manager of Operations



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