

## John Long

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**From:** Dundas, Michael <MDundas@siranaturals.org>  
**Sent:** Thursday, October 18, 2018 7:19 AM  
**To:** Board of Aldermen  
**Cc:** City Clerk Contact  
**Subject:** Adult Use Cannabis Licensing Proposal  
**Attachments:** Letter to Somerville Board of Alderman from Sira and Holistic.pdf

Hon. Board of Aldermen:

Please see the attached letter regarding certain issues before the Legislative Matters Committee this evening.

All the best,

**Michael Dundas | Chief Executive Officer**  
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October 17, 2018

Legislative Matters Committee  
Aldermanic Chambers  
City Hall  
93 Highland Avenue  
Somerville, MA 02143

Re: Agenda Item 203965: That the City Solicitor draft an ordinance for review by this Board related to recreational marijuana  
Agenda Item 206284: City Solicitor submitting an Ordinance regarding Adult Use Marijuana Establishments

Dear Honorable Members of the Board of Alderman:

Please allow this letter to serve as testimony for the above referenced matters. We are appearing before you today as two Registered Marijuana Dispensaries ("RMD"), Sira Naturals, Inc., 240 Elm Street ("Sira"), and Holistic Industries Inc., 304 Somerville Avenue ("Holistic").

We would like to acknowledge the progressive approach that Somerville has applied to this industry and the regulation thereof. Somerville was one of the first municipalities in Massachusetts to approve medical marijuana dispensaries, and both Sira and Holistic are grateful to have been so approved. Now, Somerville is again leading other cities and towns in creating local regulations that will assist economic empowerment applicants. We join Somerville in supporting initiatives that will bring equity to this industry, such as prioritizing economic empowerment applications, but we find no practical reason, nor public policy advantage, in stripping existing RMD's of their proposed priority application status.

There are numerous legal reasons that have already been advanced as to why this is problematic, including but not limited to that it contradicts state law, but there are also very real practical reasons why Somerville would not want to move forward with these changes to the proposed ordinance.

**If existing RMD's are not allowed priority status, Somerville will not see retail sales in 12 months or longer**

On average, it would take a minimum of twelve (12) months for any new applicant to go through the state and local approval process and to construct and staff a retail facility. Moreover, once an adult use dispensary opens, there is no guarantee that there will be any product to sell. Unlike RMD's that are vertically integrated and grow their own product, new retailers have no such requirement, and would have to purchase wholesale product from other cultivators. It is expected that there will be very little wholesale product available for sale for the first year or longer of adult use stores opening. Thus, preventing existing RMD's from

participating as priority applicants, could have the unintended consequence of delaying adult use sales in Somerville for one year or longer, and with it, any jobs, taxes and revenues from host community agreements, for that period of time.

**Existing RMD's will fail**

If existing RMD's are not allowed to convert to adult use, as the state law dictates, existing RMD's will not survive. We know this from other states. Patients find little value in renewing their state identification card, when a nearby adult use dispensary is selling the exact same product, and often providing a discount for former patients. This problem is only exacerbated in Massachusetts, where, the current patient base is substantially lower than expected, the proximity to the adult use regime is causing would-be patients to delay registration, and the vertical integration requirement imposed on RMD's make operating costs substantially higher than other adult use retailers. In addition, with the decriminalization of cannabis, the illegal market, now referred to as the "grey market," has exploded, and will continue to thrive until such time as adult use retailers open, thereby allowing unsafe conditions to persist in the marketplace, and negatively impacting a properly regulated RMD.

**Allowing RMD's to open will help Somerville**

Currently, each RMD employs between 15 to 25 people. Wages range from \$15/hour for entry level workers to \$80,000/year plus bonuses for management positions. With the anticipated increased business that comes with adult use, Sira and Holistic forecast an increase in hiring by 60% percent each, for a total of approximately 65 jobs. In addition, Somerville will immediately benefit from a 3 percent sales tax, and a 3 percent host community agreement.

Sira and Holisitc are proud to serve the residents of Somerville and proud to be counted as a vital part of the business and service communities. Both companies were selected in a very competitive bidding process. Since being approved, we have worked with the city and the community to be good neighbors. We have had zero service calls, zero public health and safety incidents, and no complaints that we are aware of.

We acknowledge that the process of getting to this point for both us as the applicants, and you as the regulators, has been a learning experience for us all. None of us could anticipate exactly how the regulatory regime would unfold. However we have done our very best to comply with all the laws and regulations that have been required of us in this extremely regulated industry, and only ask, that the views articulated in this letter, and others, are considered by your honorable body.

Very truly yours,



Josh Genderson, Holistic Industries Inc.



Michael Dundas, Sira Naturals, Inc.