

Middleton, Samuel

From: Rachael Tamaroff <rltamaroff@gmail.com>
Sent: Monday, September 19, 2022 4:36 PM
To: eComment
Subject: agenda item #25

Hello, I'm writing to ask the City Council to support lowering retail taxes for employers who provide good jobs and community benefits. I'm writing to ask that you lower retail taxes to make cannabis more accessible and allow legal business to compete more equitably with the black market. My name is Rachael and I work at speedy weedy in santa ana. However, I believe strongly that these lower taxes should go only towards businesses that also support their workers and the community. I strongly support requiring businesses who receive these tax reductions to meet minimum labor standards like paying their workers 115% of minimum wage, giving the majority of employees full time hours and providing on the job training. Finally we should make sure that these businesses give back to the community by hiring local residents and creating career opportunities for the residents. Thanks for your consideration.

Rachael Tamaroff

Sent from my iPhone

Middleton, Samuel

From: Sophia Corrales <sophiacorrales@icloud.com>
Sent: Monday, September 19, 2022 4:41 PM
To: eComment
Subject: Agenda Item # 25

Hello, I'm writing to ask the City Council to support lowering retail taxes for employers who provide good jobs and community benefits. Sophia Corrales Speedy Weedy I'm writing to ask that you lower retail taxes to make cannabis more accessible and allow legal business to compete more equitably with the black market. However, I believe strongly that these lower taxes should go only towards businesses that also support their workers and the community. I strongly support requiring businesses who receive these tax reductions to meet minimum labor standards like paying their workers 115% of minimum wage, giving the majority of employees full time hours and providing on the job training. Finally we should make sure that these businesses give back to the community by hiring local residents and creating career opportunities for the residents. Thanks for your consideration.

sophia Corrales

Sent from my iPhone

Middleton, Samuel

From: Allison Schonfeldt <allisonlouiseschonfeldt@gmail.com>
Sent: Monday, September 19, 2022 4:42 PM
To: eComment
Subject: Agenda Item #25

Hello,

My name is Allison Schonfeldt. I'm a receptionist at Speedy Weedy. I'm writing to ask the City Council to support lowering retail taxes for employers who provide good jobs and community benefits. I'm writing to ask that you lower retail taxes to make cannabis more accessible and allow legal business to compete more equitably with the black market. However, I believe strongly that these lower taxes should go only towards businesses that also support their workers and the community. I strongly support requiring businesses who receive these tax reductions to meet minimum labor standards like paying their workers 115% of minimum wage, giving the majority of employees full time hours and providing on the job training. Finally we should make sure that these businesses give back to the community by hiring local residents and creating career opportunities for the residents. Thanks for your consideration.

Allison Schonfeldt

Middleton, Samuel

From: Jaiden Pechette <jaipechette@gmail.com>
Sent: Monday, September 19, 2022 4:44 PM
To: eComment
Subject: Agenda item #25

Hello, I'm writing to ask the City Council to support lowering retail taxes for employers who provide good jobs and community benefits. [REDACTED]

[REDACTED] I'm writing to ask that you lower retail taxes to make cannabis more accessible and allow legal business to compete more equitably with the black market. However, I believe strongly that these lower taxes should go only towards businesses that also support their workers and the community. I strongly support requiring businesses who receive these tax reductions to meet minimum labor standards like paying their workers 115% of minimum wage, giving the majority of employees full time hours and providing on the job training. Finally we should make sure that these businesses give back to the community by hiring local residents and creating career opportunities for the residents. Thanks for your consideration.

[Jaiden Pechette

]

September 19, 2022
Agenda Item #25

Jonathan Garcia
URVA LLC
820 N. Olive St.
Santa Ana, CA 92703
Jonny@URVA.Life

Dear Ladies and Gentlemen of the Council,

Thank you for allowing us to provide our input on this exciting and innovative topic. My name is Jonathan Garcia, Chief Executive Officer of URVA LLC. My brother, Israel Isaac Garcia, and I are co-founders of URVA LLC, a cannabis lifestyle brand. We were both born and raised in Ward 5 and still reside in Ward 5. I am a veteran of the U.S. Air Force where I obtained Top Secret SCI (Sensitive Compartmented Information) Clearance, have extremely broad experience working in the cannabis/tech industry with various ventures, and was once employed by the City of Santa Ana. Isaac is an attorney who graduated from U.C. Hastings College of the Law and obtained a mechanical engineering degree from U.C. Berkeley. Isaac has represented numerous multinational corporations, and enjoys researching cannabis law.

URVA LLC is our new venture, and we are excited about creating this new business within our hometown. Our aims are to open a cannabis consumption lounge here in Santa Ana, as well as a vertically integrated cannabis production business and a supporting cannabis lifestyle apparel and accessories business. The mission of URVA LLC is to empower the world in embracing their own unique identity while unifying the word as one social body and living being. *The vision of our cannabis consumption lounge, more specifically, is to provide a unique lounge that serves as a safe place for members to consume cannabis with other members and socialize amongst themselves, surrounded by local arts and entertainment while savoring the culinary arts, all whilst we give back to the local community.* As can be seen in Image #1, we are not only a Santa Ana grassroots company but also aim to help the City promote social equity.

We appreciate the City Council considering Ordinance Amendment No. 2022-01 (the “Cannabis Amendments” or “CANAM”) to the Santa Ana Municipal Code (SAMC), thereby addressing the needs of the cannabis industry in Santa Ana. We especially commend you for your efforts surrounding cannabis consumption lounges, special events and festivals, social equity, retail licenses, commercial cannabis business zoning, and retail, consumption lounge and special event tax rates. While we commend you for your efforts and direction, we have a few ideas and input that we would like the City Council to consider in moving forward.

1. Allowing Lounges & Adding Retail Licenses

Under CANAM section 6 (amending SAMC § 40-8(10)(b)), cannabis consumption lounges would be permitted “as an ancillary use to a commercial cannabis medicinal or adult-use retail business.” (**Emphasis** added.) Under CANAM section 6 (amending SAMC § 40-8

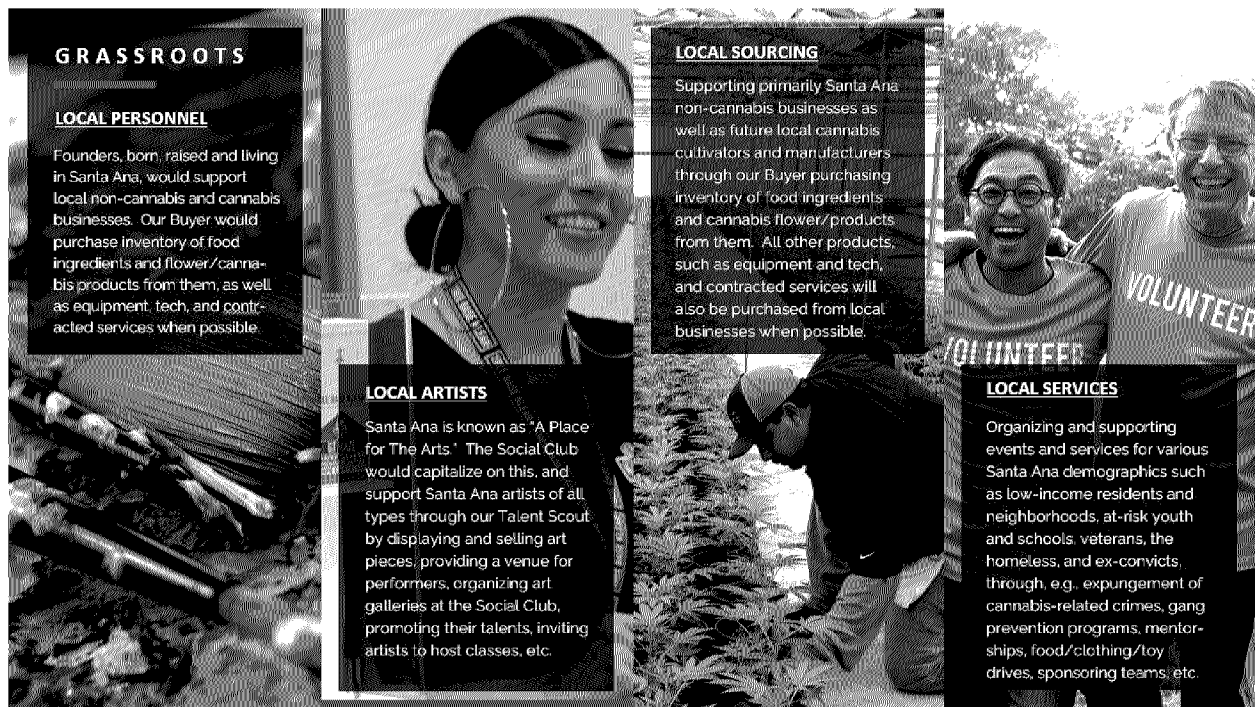


Image #1

(10)(c)), consumption lounges would be required to “be on the same site as and physically contiguous to a commercial cannabis retail business.” (*Emphasis added.*) Under SAMC section 40-2(39), “Retail business” is defined as “a premises where cannabis, cannabis products, or devices for the use of cannabis or cannabis products are offered, either individually or in any combination for retail sale, including an establishment that delivers cannabis or cannabis products as part of a retail sale.” Under CANAM section 6 (amending SAMC § 40-8(10)(g)), “[c]annabis may only be smoked within the indoor portion(s) of a consumption lounge as may be allowable under state law. Outdoor smoking is prohibited.” (*Emphasis added.*)

Under CANAM section 6 (amending SAMC § 40-4(A)), the maximum number of Regulatory Safety Permits (RSP) allowed for commercial cannabis retail businesses would be thirty-five (35). Currently, under SAMC section 40-4, the City of Santa Ana cannot “allow more than...[t]wenty (20) total medicinal cannabis retail businesses...; [and] [t]hirty (30) total adult-use cannabis retail businesses (which could include any or all of the medicinal cannabis retail businesses).” Under SAMC section 40-2(10), “commercial cannabis business” is defined as, *inter alia*, a business that sells “adult-use cannabis, medicinal cannabis or an adult-use cannabis or medicinal cannabis product....” (*Emphasis added.*)

According to the May 3, 2022 Staff Report on Ordinance Amendment No. 2022-01 (“Staff Report”), the number of commercial cannabis retail business RSPs currently allowed, i.e., the maximum of thirty (30), have already been allotted. (p. 8.) The Staff Report goes on to state, “The proposed amendments would allow an additional five (5) retail locations, for a total of 35 storefronts in the City...[T]he amendments would allow all 35 retail licenses to sell both medicinal and adult-use cannabis.” (*Id.*) Furthermore, the Staff Report states, “the amendments would terminate the Measure BB Waitlist...current[ly] five (5)...and allow them to apply for

the five (5) new retail locations under the proposed ordinance...[T]hose waitlisted...would receive 'bonus' points for having been on the Measure BB Waitlist.” (p. 9., ***emphasis*** added.)

The first problem facing us is the thirty-five (35) RSP cap on commercial cannabis retail businesses. Since the additional five (5) retail RSPs are practically allotted to the five (5) people on the Measure BB Waitlist, we would not even be able to obtain a retail RSP and bring our novel ideas for our consumption lounge to the City. This would be unfortunate given that we are homegrown – both as individuals and as an entity – and would create a grassroots consumption lounge that promotes social equity if given the availability of a retail RSP. One proposed solution to this problem would be to increase the number of additional retail RSPs above five (5) so that we could realistically obtain a retail license. This would be in line with comments by Councilmembers Johnathan Hernandez and Jessie Lopez at the July 29, 2022 City Council meeting where they supported adding more than five (5) retail RSPs so that Santa Ana residents can get involved in spearheading the cannabis industry. Another proposed, albeit less effective, solution would be to grant “bonus” points to longtime residents of the City applying for a retail RSP. Furthermore, however, this problem could be eliminated if the problem and proposed solution in the following paragraph were instead tackled in the Cannabis Amendments.

We envision our cannabis consumption lounge as a stand-alone lounge without an ancillary cannabis retail business, i.e., a dispensary. We see no need to tie the two types of business models together. Indeed, it is our view that cannabis consumption lounges would realistically thrive (unlike many in other cities) and thus bring in more tax revenue if consumption lounges were not required to be tied to a dispensary. By creating a separate category of permits for consumption lounges we would be able to enact our novel, homegrown and grassroots ideas that are in line with the City's vision. Similarly, we see no need to limit the smoking of cannabis to the indoor portion(s) of a lounge. We could not even find the rationale for such a limitation when outdoor air filtration systems are readily available. Such restrictions would result in patrons not being able to enjoy cannabis in our outdoor portion(s) while enjoying our culinary arts. This would be in line with comments by Mayor Pro Tem Phil Bacerra at the July 29, 2022 City Council meeting where he supported outdoor cannabis-smoking on lounge rooftops. Consequently, a potential solution to these problems would be to (1) create a distinct category of permits for consumption lounges separate from retail storefronts; and (2) eliminate the indoor cannabis-smoking limitation and simply require appropriate air filtration systems.

2. Expanding Commercial Cannabis Business Zoning

Under CANAM section 6 (amending SAMC § 40-5), cannabis consumption lounges would be permitted in Zoning Districts M1 and M2, “as [i]ndicated on the Commercial Cannabis Eligible Areas Map....” M1 districts are designated light industrial (SAMC § 41-471) and M2 districts are designated heavy industrial (SAMC § 41-489). Under one of the two proposed 2022 resolutions at issue, the buffer between “commercial cannabis business activity” and “schools, parks, and properties zoned for residential uses” would be reduced from “the 1,000-foot buffer to 600 feet....” (§§ 1(G), 1(I).) Furthermore, according to the Staff Report, “[i]n 2021, the State revised its regulations to completely eliminate the default 600-foot buffer.” (p. 10.)

We also envision our consumption lounge to be located in Downtown Santa Ana (DTSA) instead of the industrial zones (M1 or M2). We do not see the need to limit the locations of consumption lounges to such zones, especially when bars and tattoo parlors (not to disparage these businesses) are permitted in DTSA. Santa Ana, known as “A Place for The Arts,” is flourishing in the arts when it comes to DTSA, which is home to the DTSA Artwalk, the Orange County Center for Contemporary Art, Grand Central Art Center, and much more, including numerous art galleries. Since the vision of our consumption lounge includes local arts and entertainment, culinary arts, and the promotion of social equity, the only appropriate location for such an endeavor would be the Special Development Zones in DTSA. This would be somewhat in line with comments by City Councilmember Thai Viet Phan at the July 29, 2022 City Council meeting where she supported opening up commercial zones to cannabis retail businesses. Consequently, a potential solution to this problem would be to reduce the buffer to 600 feet and allow cannabis consumption lounges to operate – and add to the arts and culture – in DTSA.

3. Lowering Retail Taxes at Lounges & Special Events

Under CANAM section 9 (amending SAMC § 21-133(d)), consumption lounges and temporary consumption/special events would be subject to an eight percent (8%) gross receipts tax rate and a zero-dollar (\$0.00) gross square footage tax rate. Adult-use cannabis retail businesses would continue to be subject to an eight percent (8%) gross receipts tax rate and a twenty-five dollar (\$25.00) gross square footage tax rate, without any reductions. (*Id.*) Under CANAM section 6 (amending SAMC § 40-7(11)(j)), cannabis could only “be smoked within the enclosed portion(s) of a temporary consumption site...Open-air smoking is prohibited.”

We also envision our consumption lounge not only as a place to enjoy cannabis and the local arts in all its forms, but as a partner with the City in holding special events. It would be a pleasure to partner with Santa Ana in, say, organizing a “420 event” as envisioned in the comments by City Councilmember Johnathan Hernandez at the July 29, 2022 City Council meeting. However, in order for consumption lounges and special events to be profitable, the gross receipts tax rate would have to be lowered below the proposed eight percent (8%). One reason is because the California cannabis excise tax is extremely high at fifteen percent (15%). In contrast to the high eight percent (8%), according to a Leafly article dated May 24, 2021¹, both San Francisco and Sacramento “have a 5% local cannabis business tax” and Fresno “actually offers a better local rate (4%) than the progressive metros.” A lower retail tax rate would be in line with the comments at the July 29, 2022 City Council meeting by City Councilmembers Thai Viet Phan (6-7%), Nelida Mendoza (apparently 1%), Jessie Lopez, Phil Bacerra (5.5-5.75%), Johnathan Hernandez (5-7%), David Penaloza (5-7%), and likely Mayor Vicente Sarmiento. For such special events to be feasible, open-air smoking would also have to be permissible. Consequently, a potential solution to these problems would be to competitively lower the gross receipts tax rate for consumption lounges and temporary consumption/special events and allow open-air smoking and simply require appropriate outdoor air filtration systems.

In Sum, we commend you for leading our City with the proposed Cannabis Amendments and opening up these issues for discussion. However, in order for Santa Ana to be “the capital of cannabis in Orange County” (in the words of Councilmember Thai Viet Phan) and “the hub” of

¹ <https://www.leafly.com/news/lifestyle/california-weed-tax-guide>

the cannabis industry, including ancillary businesses (in the words of Mayor Vicente Sarmiento), all of these problems need to be addressed potentially by our outlined proposed solutions.

Thank you for your time. We look forward to working strategically with, and partnering with, the City to make Santa Ana the “Capital of Cannabis” and a hub for ancillary services.

Sincerely,



Jonathan Garcia
Co-Founder/CEO
URVA LLC

SENT VIA EMAIL

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Middleton, Samuel

From: Jenna Thompson <jenna@paschalroth.com>
Sent: Tuesday, September 20, 2022 1:38 PM
To: eComment
Subject: Public Comment on Agenda Item 25 for 9/20 City Council Meeting

Public Comment re: Public Hearing - Ordinance Amendment No. 2022-01 to Update Chapters 18, 21, and 40 of the Santa Ana Municipal Code Addressing Medicinal Cannabis Retail, Consumption Lounges and Temporary Events, Measure BB Waitlist Termination, Retail Facility Relocation, Commercial Cannabis Eligible Areas, Commercial Cannabis Tax Rate Reductions for Commercial Cannabis Cultivation, Distribution, and Manufacturing, and Adopt Language Addressing Proposed Tax Treatment of Microbusinesses and Shared Manufacturing, and Make Other Administrative Amendments of a Complimentary Nature

Eddie Romo, (714) 723-9324, works at SpeedyWeedy in Santa Ana.

Public Comment:

We are pushing to include a 1) retail tax break so taxes are lower and 2) tie that tax break to wages and mileage standard. To say - in order to get the tax break employers would have to pay at least \$17.25 + IRS reimbursement rate for mileage driven as well as other labor standard like on the job paid training and meeting goals for hiring locally. It would be a really big incentive that we can use to push employers like speedy weedy to provide higher wages and mileage reimbursement for drivers.