



HEADWATERS

May 17, 2021

Lompoc City Council  
100 Civic Center Plaza  
Lompoc, CA 93436

**RE: Discussion and Direction Regarding Possible Changes to the Commercial Cannabis Taxes Imposed by the City of Lompoc**

Dear Lompoc City Council,

My name is Eric S. Edwards, and I am the Director of Compliance for Headwaters, a state-wide commercial cannabis operator. Since late 2018, my team and I have been working towards securing a new cannabis distribution and processing facility in the City. We undertook this venture, in large part, due to the City's favorable stance on commercial cannabis, including its ordinance and tax structure. In July 2019, after locating a suitable site, engaging with myriad consultants, engineers and architects, Headwaters submitted its initial application to conduct commercial cannabis activity in the City. To date, nearly two years later, Headwaters is still in the throes of operationalizing this facility.

I write this not to criticize the City or its licensing and approval process, but rather to illustrate the time, complexity and regulatory oversight that affects this budding industry, and to ask for the City's patience. Please allow this industry an opportunity to get its foothold before ushering in sweeping changes to the City's cannabis tax structure. We recognize that these are difficult times and that further taxing commercial cannabis activity is an attractive solution, but please recognize the tremendous investment that operators like Headwaters have made; investments that were made and predicated on the City's existing ordinance and tax structure.

Despite opposing changes to the City's cannabis tax structure, Headwaters recognizes the growing needs of the City and would support an increase in the City's cannabis application fees for new applicants.

Headwaters is excited to bring its new facility online; to employ roughly thirty Lompoc residents; and to begin contributing to the City's tax revenue. We simply ask that the City refrain from making sweeping changes to its cannabis tax structure at this time.

Thank you for your consideration.

Sincerely,

Eric S. Edwards  
818-402-4168