

Monday, September 19, 2022

Honorable Mayor and Council
City of Lompoc
100 Civic Center Plaza
Lompoc, CA 93436

Re: Public Comment for September 20, 2022 City Council Agenda.

Honorable Mayor and Members of the City Council,

My name is Christina Perez Duval, CEO of Yeska Dispensary. I would like to represent not just myself, but also I am hoping to speak for women and minority.

1) A review of the *City of Lompoc Report*, found that a very small percentage of the applications were from Latina applicants and less than 10% of the applications were by women. The national average of women who hold executive positions in the cannabis industry is 29.8 percent.

In 2018 California promised 'social equity' after pot legalization. This year, the state has a total of thirty-five million dollars (\$35,000,000) for the Cannabis Equity Grants Program for Local Jurisdictions, where many cities have applied and received some grants. Many cities provide extra grants and assistance to help women and minority members to start cannabis businesses.

I recommend that the City of Lompoc have a resolution allowing more women and minority members to start cannabis businesses, to offer assistance, and prioritize licensing when possible like some other cities.

2) The current numbers of applications for the city of Lompoc do not represent businesses already running, some addresses of the applications are just raw land.

In my situation, I have paid my fees and submitted my application for obtaining a cannabis license.

I have spent my many years of savings on security deposit and rents to secure an existing building. I have paid for architectural drawings, attorney fees, and the application fees.

3) I recommend the city should first do what other cities have done, that the city adopt ordinances that prohibited any individual from obtaining an ownership interest in more than one cannabis business. Currently, there are some applicants with more than 3 applications each.

I hope the City of Lompoc would not issue a moratorium that affects people like me.

4) In the previous meeting, Councilman Vega talked about allowing a free market to prevail, and I agree and recommend the city adopt such an idea because free markets work best for economic growth. It provides individuals with the greatest incentive to create wealth, to compete and it promotes excellence.

5) I recommend that the city should allow the law of supply and demand to regulate production, labor, and the marketplace, rather than a central government.

6) Moratorium targets entrepreneurs who want to do business legally.

I recommend that the city should try to reduce the illicit cannabis market instead. Cannabis is selling in record amounts, but fully legal weed makes up just a fraction of the state's marijuana market, with some experts estimating that 80 to 90% of cannabis sales in California still fall into a legal gray zone.

Thus legalization without excessive regulation is the only way to eliminate the illicit market.

And this approach has the added virtue of maximizing tax revenue from legalized sales, minimizing enforcement costs, and providing consumers with better, safer products. In the state recently, Gov. Newsom and the Legislature cut a California cannabis tax in an effort to boost the legal market.

I believe the City of Lompoc should also help the legal cannabis market by not issuing the moratorium.

7) In the previous meeting, Councilman Dirk Starbuck questioned the need for limits in Lompoc. and asked: “What is failing with this industry right now? A few shops have gone out (of business)...This would happen when you have a boom industry ... ,”

I would say that this industry is not failing here in the city of Lompoc.

Data from the Bureau of Labor Statistics shows that approximately 20% of new businesses fail during the first two years, and 45% during the first five years. It has been five years, and the City of Lompoc has less than 10% of the cannabis businesses failing.

This means the City of Lompoc has done very well, and therefore no moratorium is required.

The city of Sacramento initiated a study of the cannabis industry to shape future policy. It took 6 months, and over 200 pages later, by March this year 2022, the study found many good points, which I would like to share with the City of Lompoc.

1. The cannabis industry generates \$2 billion in economic activity, supporting approximately 11,000 jobs annually for the city of Sacramento.

2. Cannabis businesses have not created increases in crime beyond the levels generated by other type of businesses. The proliferation of cannabis businesses in Sacramento has not generated a proportional increase in crimes targeting these businesses, suggesting that the enhanced security measures employed by these businesses are a strong deterrent to crime.

For California, cannabis legalization is generally associated with a decrease in crime, likely because of the disruption of illicit markets by legal ones, attributing this effect to both the disruption of organized criminal cannabis trade and the additional security measures employed by dispensaries.

3. Cannabis businesses have not had a negative impact on nearby home values.

At a larger scale, a study of 12 states and Washington, D.C., found that legalization of adult-use cannabis was associated with increases in home values statewide and that neighborhoods in Washington, D.C., and Colorado experienced increased prices after nearby cannabis dispensaries opened.

4. Dispensary sales indicate Sacramento is a net exporter of cannabis to the region and other parts of California. With approximately \$270 million in estimated taxable (excluding medical use) sales in Fiscal Year (FY) 2020/21. A large percentage of sales are oriented to other jurisdictions in the region and to pass-through buyers.

As a result, an increase in the number of dispensaries will further strengthen Sacramento’s export position.

5. Cannabis is important to the City General Fund.

For Sacramento, Cannabis generates a fiscal surplus nearing \$20 million annually to the City General Fund. The contribution of cannabis to the City’s General Fund indicates the potential to increase resources as needed, including various services to smaller minority- and woman-owned operations that are vulnerable in today’s economic and policy environment.

6. Cannabis businesses have not had a negative impact on other nearby retail or industrial uses. An analysis of lease rates for retail and industrial uses in the areas surrounding cannabis businesses found no pattern of negative impact on the marketability of surrounding areas, as demonstrated by asking lease-rate trends for available spaces.

7. A short-lived spike in industrial rents following legalization appears to have eased.

The rent spikes, which likely were due to a combination of real demand and speculation, appear to have moderated, though pricing pressure resulting from the growth of e-commerce and distribution remains. (And industrial rents went up even in other location because of ecommerce.)

8. Sacramento is well positioned to command a strong position in the State's trade of legal cannabis, even after federal legalization.

I would like the City of Lompoc to also be well positioned to command a strong position in the State's trade of legal cannabis by not issuing a moratorium to cripple our entrepreneurial spirit.

Thank you for your service to the City of Lompoc.

Sincerely,
Christina Duval
CEO of YESKA DISPENSARY
818-669-7231

Additional Information

1) *In 2018, then-Gov. Jerry Brown signed into law the California Cannabis Equity Act, California promised 'social equity' after pot legalization. It stated that: "Offering these supports will also aid the state in its goal of eliminating or reducing the illicit cannabis market by bringing more people into the legal marketplace."*

This year, the state of CA has a total of thirty-five million dollars (\$35,000,000) for the Cannabis Equity Grants Program for Local Jurisdictions, where many cities have already applied and received some grants. Many cities provide extra grants and assistants to help women and minority members to start cannabis businesses.

The moratorium is another battle for women and minorities in the war to be a part of the \$35 billion cannabis industry in California. In the state, several lawmakers complained that we have not done enough to address ongoing racial disparities in the industry.

2) *Since licensed cannabis operations began in 2018, the Sacramento Police Department (SPD) has tracked burglaries and robberies at cannabis businesses. Over these 4 years, robberies and burglaries at cannabis businesses accounted for less than 1 percent of all robberies and burglaries reported to the SPD. Crimes involving illicit cannabis have declined significantly since commercial cannabis businesses were legalized.*

3) *A comparison of home sales values within one-quarter mile of dispensaries and those within larger control groups for the same areas found that proximity to dispensaries does not reduce home values relative to other homes in the same general area. A study from Denver, Colorado, showed that homes within 0.1 mile of a dispensary were worth approximately 8 percent more than their neighbors outside of this distance*

References

<https://www.cityoflompoc.com/home/showpublisheddocument/35818/637958310740100000>

<https://www.npr.org/2021/11/07/1053387426/5-years-after-california-legalized-weed-the-illicit-market-dominates>

<https://www.cityofsacramento.org/-/media/Corporate/Files/CMO/Cannabis/SCCS-Final-Report-03-08-22.pdf?la=en>

<https://calmatters.org/politics/2022/07/california-cannabis-tax/>

<https://mjbizdaily.com/wp-content/uploads/2021/10/MJBizDaily-Women-and-Minorities-in-Cannabis-Report.pdf>