

Nevada County Wellness Group
315 Spring Street
Suite D
Nevada City, CA 95959

January 9, 2017

Amy Wolfson
Nevada City Planner
City Hall
317 Broad Street
Nevada City, CA 95959

Dear Ms. Wolfson:

The Nevada City Wellness Group was formed to organize a cannabis dispensary in Nevada City. This local group's skill sets are diversified including experience in founding and operating cannabis dispensaries as well as expertise in forming startups and managing ongoing businesses.

We appreciate the opportunity to provide feedback to Nevada City's proposed cannabis ordinance. In addition to specific suggestions included below, we encourage Nevada City's Planning Commission, City Manager and City Council to align as much as possible with California State cannabis laws (both enacted and planned). The State has done a thorough job of constructing an integrated set of regulations and tax codes for the medical cannabis industry. Syncing up with state laws should reduce the complexity of the ordinance and provide consistency with other cities and municipalities that adopt state laws.

Another overarching provision we recommend is that preference be given in the application process to local owners and local employment.

Our specific feedback on the proposed ordinance is as follows:

Pg 5, ¶ A: Construction

We do not understand the comments on no construction or related activities. Given the current zoning limitations and the required setback from schools and parks, there are very few existing buildings available. We encourage the City to consider construction as a viable option.

Pg 5, ¶ A & Pg 14, ¶ P 9.22.040: Single Dispensary

These paragraphs specifically limit the ordinance to permitting only one dispensary. We believe the community would be better served by approving a minimum of two dispensaries. There are consumer benefits of having competition including pricing, product quality and quality of services provided.

Pg 6, ¶ A&C Cannabis Regulation

We agree with the City's intent to regulate the cultivation, manufacturing, processing, testing, transporting, delivery, and distribution of cannabis and cannabis related products in a manner which is responsible, which protects the health, safety and welfare of the residents of Nevada City, and to enforce rules and regulations consistent with state law which is laid out in Paragraph A. We understand

Paragraph C that states all marijuana activities are prohibited unless specifically authorized. But we object to the following paragraph:

P33, ¶ 17.142.040 : Other Medical Marijuana Businesses Prohibited

“All other types of marijuana businesses including those engaged in cultivation, manufacturing, testing facilities, distributors and transporting businesses are prohibited in all zones of the city.”

We encourage the City to reconsider this provision of the ordinance. Otherwise, the permitted dispensaries will be forced to buy from licensed vendors outside of the city and county. We believe the City should undertake the regulation of Other Medical Marijuana Businesses to take advantage of local cannabis businesses who want to comply with the law through a permitting and licensing program.

P34, Section 3: Zoning

It is very difficult to find Nevada City properties in Light Industrial zoning, that have existing structures that also comply with the required setbacks for schools and parks. A cannabis dispensary is a retail business. Given the limitations described above combined with the fact that a dispensary is a retail business, we recommend that the applicable zoning should include general commercial and retail services. We believe this approach will have no greater impact on the community than existing drug stores and bars. This statement is supported by empirical data from other medical marijuana dispensaries that members of our group have managed.

P33, ¶ 17.142.030: Location of Dispensary

We don't contest the proposed language requiring a 600-foot distance between a dispensary and schools and parks. We discourage this distance being increased given that the 600-foot distance is part of the State's enacted MCRSA regulations and Health and Safety Codes and is supported by the following organizations:

- Chief of Police Association
- League of California Cities & Counties
- State Assembly, Senate and Governor's office

Pg 28, ¶ 13: Background Checks

We concur with the current language but we recommend that the requirements be applied to owners and managers, but not to other employees. We make this recommendation for sheer practicality, but also from the experience of members of the group who have managed dispensaries.

Pg 19, ¶ B: Prohibition on Transfer of Medical Marijuana Business Permits

There needs to be some differentiation between the transfer of the business permit and the shares held by the owners. We agree with the stipulations on transferring a permit, but we also need to be able to transfer shares within the dispensary's ownership group or to new investors. At some point in the future, current owners will want to retire without shutting down the business. They will need to bring on new board members and managers to keep the business operating. We suggest that language be inserted that triggers a city review if the ownership of the dispensary group changes by over 50% of the total shares. In this case, we propose that the City would approve new owners with approval not being unreasonably withheld. The essence of our recommendation is that dispensary shares can be transferred, but the permit cannot be transferred to a new business entity without the approval of the City.

Pg 22, ¶ B: Security Measures

We acknowledge the concerns of local law enforcement for adequate security. We can comply with the ordinance's requirement for providing video footage of outside cameras. We may not be able to comply with the request for inside video footage if that disclosure violates HIPAA regulations and the Confidentiality of Medical Information Act.

Pg 27, ¶ 10: Minors

There are cases where minors need access to cannabis and state laws allow a minor to enter a medical marijuana facility under certain conditions. NCW founders have direct experience with this issue and we recommend the following procedure for minors:

- Patient must be accompanied by their legal guardians
- Dispensary manager meets with the parents who must have legal identification
- Dispensary manager verifies patient's birth certificate
- Patient must have diagnoses from two doctors

Pg 20, P ¶ E.1 & E.3: Limitations on City's Liability

The terms listed in these paragraphs shift all the liability for a wide range of legal challenges solely to the dispensary owners regardless of legal fault. These terms would be very onerous to accept by any business in any industry. It requires the business assume the City's liabilities and exposes the dispensary business to legal challenges even if the City is at fault. We recommend the language be modified to assign legal liability as appropriate to each of the involved entities.

We appreciate the open process that the City is using to assess the potential for a cannabis dispensary. We look forward to participating and to applying for a permit when they are available.

Best Regards,

Nevada City Wellness Group

Harry Bennett, Founder, Floracy (CBD oil company)

Kimberly Cargile, Director, A Therapeutic Alternative (Medicinal cannabis dispensary)

Richard Miller, Manager, A Therapeutic Alternative (Medicinal cannabis dispensary)

Ariana Moise, Founder Cannagirl (Cannabis consultant)

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Phil Ritti, Principal, Excede Ventures (Business consultant)