

Tom F. McGurk

From: Sheri Hartz
Sent: Thursday, November 16, 2017 2:48 PM
To: Tom F. McGurk
Subject: FW: Cannabis RFQ Finalists
Attachments: Emeryville Storefront Recommendations.pdf

Please treat this as late correspondence in our usual way. Thanks - Sheri

From: Andrea Visveshwara
Sent: Thursday, November 16, 2017 1:43 PM
To: Sheri Hartz <shartz@emeryville.org>; Michael Guina <mguina@emeryville.org>; Jennifer Tejada <jtejada@emeryville.org>; Carolyn Lehr <clehr@emeryville.org>; Tom F. McGurk <tmcgurk@emeryville.org>
Cc: Chadrick Smalley <csmalley@emeryville.org>
Subject: FW: Cannabis RFQ Finalists

FYI

From: Nasser Azimi [<mailto:nazimi@ohanagrowers.com>]
Sent: Thursday, November 16, 2017 1:40 PM
To: Scott Donahue <sdonahue@emeryville.org>; John J. Bauters <jbauters@emeryville.org>; Dianne Martinez <dmartinez@emeryville.org>; Ally Medina <amedina@emeryville.org>; Christian Robin Patz <crpatz@emeryville.org>
Cc: Chadrick Smalley <csmalley@emeryville.org>; Andrea Visveshwara <avisveshwara@emeryville.org>; Rob Fong <rob@rkfconsulting.net>
Subject: Cannabis RFQ Finalists

Honorable Mayor, Vice Mayor, and City Councilmembers

This is Nasser Azimi, President of Ohana Operations, a high tech and vertically integrated cannabis corporation with operations across state of California.

First, I thank you and the City staff for your collective leadership to conduct a fair and balanced selection process. We appreciate the opportunity to participate and look forward to Next week as you formulate your decisions to do what is in the best interest of the City of Emeryville.

We analyzed the results of the City staff's great work to finalize the RFQ and developed the attached recommendations for you to consider. Our analysis and recommendations are based on extensive research and experience our proposed team offers as well as industry and jurisdictional data analytics of the legalization efforts across a number of Adult Use jurisdictions.

We appreciate you taking some time to review the attached recommendations.

If you have any questions or would like to discuss details, you can reach me at 916 757 4892 or nazimi@ohanagrowers.com.

Thanks again.

Nasser Azimi, President
Ohana Operations

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Honorable Emeryville Mayor and City Council Members
1333 Park Ave
Emeryville, CA 94608

Thank you for your leadership efforts to legalize cannabis in Emeryville. We appreciate the hard work and long hours City staff put into a fair and balanced qualification assessment to identify the best approach for storefront regulation. We are proud of the qualified, diverse team we have assembled for the City of Emeryville.

For its Emeryville Storefront operation, Therapeutic proposes a highly diverse and accomplished team of community, business, technology, and cannabis industry experts who will not only enhance the City's position in cannabis legalization with their impressive history, they will also ensure the City's transformation into cannabis legalization is not subjected to community complaints of a traditional "head shop!" The Therapeutic team includes:

- Ms. Kimberly Cargile – Chief Executive Officer and Successful Cannabis Storefront Entrepreneur
- Mr. Nasser Azimi - Chief Technology & Finance Officer and Successful Tech Entrepreneur
- Daryoush Azimi - Chief Operations Officer and a Successful Agriculture Specialist
- Rob Fong – Community Development Director, Former City Council Member & Trial Attorney
- Ron Leggett – Community Developer and Successful Cannabis Retail and Production Expert

In reviewing the attached summary of the results and upon conducting a thorough review of industry data analytics, it's clear that the top 3 entities have very complementary core competencies that resulted in the interrelated scoring of the underlying offerings. The complementary competencies of the 3 finalists together would transform Emeryville's cannabis legalization into a leadership position across the state. However, if implemented individually, it may present the City with inherent risks of "putting all its eggs in one basket!"

We respectfully request that the City consider permitting all 3 finalists. We would be happy to meet with the Honorable Mayor, Vice Mayor, and City Council Members any time on November 20, 2017 to review our industry data analytics and rationale for the following recommendations.

Based on our experience in other successful jurisdictions, leveraging the collective strengths of the top 3 finalists for both a local and regional reach would be critical to Emeryville's success in the Cannabis industry. As such, we recommend that the City consider awarding permits to the top 3 finalists in a staggered fashion spanning over 3 to 6 months so that the staff effort for permitting is spread out over time to assist in your workload management. By using this approach, the City can work with each operator to strategically locate and/or position them to maximize its relative expertise to reach and capture as much local and regional market share as possible during the adult use transformation;



hence increase the community benefits and tax revenue that will be the byproducts of this organized approach.

As the attached spreadsheet of the top 3 entities shows, where one entity is not strong, others complement it with their strength to provide Emeryville the full range of expected products, services, community benefits, and tax revenue to effectively transition the City into adult recreational use, without the stagnation that other jurisdictions have experienced because of high demand and supply chain issues, like in Las Vegas.

For example:

1. **Facility Ownership vs. Lease** – Although a mixed use facility may be a reasonable option for a mature retail facility, it may experience some growing pains during the initial adult use transformation with the increased and unprecedented demand base we expect in Emeryville based on our industry and jurisdictional data analysis. As such, we believe Therapeutic’s proposed stand-alone facility to be a great complement to the mixed-use properties that have also been proposed. A stand-alone facility that has all of the physical and operational elements to go to market quickly would clearly speed the City’s presence in the industry to capture market share including the ancillary benefit of having a “dedicated, discrete, and heated outdoor” waiting area to avoid long lines on the street!

As witnessed in Las Vegas, long lines around buildings, sidewalks, and traffic lights where other retail facilities and mixed-use residents may be present could create the risk of community backlash. The City of Emeryville should consider the immediate community impact as it formulates its adult use and recreational transformation, given the City’s high level of tourists that will clearly utilize the recreational facilities during their visit to the City. As the attached photos show, the proposed Therapeutic facility will be 100% owned by Therapeutic and its industry parent firm as a secure and stand-alone operation with a discrete and hidden parking lot that can be partially transformed into an outdoor waiting area to avoid long lines around buildings, sidewalks, or retailers and residents nearby. Therapeutic is clearly passionate and dedicated to the City’s vision for effective adult and recreational legalization and will be very diligent to effectively manage the City’s time to market discreetly to prevent community push backs.

2. **Supply Channel** – While all finalists have access to credible supply channels to support their respective operations, it’s clear that Therapeutic’s absolute control over its supply channel is worthy of some deeper consideration. The 3 finalists clearly demonstrate their ability to access supply channels. However, since access to and control of that supply channel access is ranging from no control to absolute control of the supply channel, it would be wise for the City to consider a variation of permit awards that covers the full spectrum of supply availability to maintain price control and product availability in order to avoid the stagnation that plagued the Nevada and Las Vegas recreational market for operators that either did not control their own supplies or did so via third party partnerships or outsourcing



that in the end left the City with long lines and insufficient products to manage the demand base. California will clearly experience a much deeper supply channel dilemma. As such, having a partner like Therapeutic that has absolute control over its supply channel will serve the City of Emeryville well during those difficult recreational transformation experiences.

3. **Community Benefits** – Each of the top 3 Finalists is proposing a different and complementary mix of community benefits that will be very useful to the City in terms of donations, grants, and, community incubation of local operators as proposed by Therapeutic. Therapeutic’s community incubator program will help disadvantaged Equity Applicants to enter the cannabis industry with zero capitalization and is also specifically designed to provide a legalization path to the underground operators who also maybe at a permitting disadvantage for various reasons that would otherwise lead them to remain underground; hence increasing the City’s enforcement efforts and costs. **Therapeutic’s Equity Incubator program is here and ready to serve the City.** We strongly urge the City to leverage Therapeutic’s enthusiasm and passion to partner up with the progressive Emeryville leadership and community for a positive, balanced, and long lasting adult use transformation.
4. **Regional Market Reach** – While all finalists will work hard to achieve deep market share from the local tourists and neighboring walk in customers, it’s imperative that storefront operators also offer an integrated operational capacity to reach the disadvantaged and/or persons with disabilities who may have transportation issues, in addition to the regional market share that spans from Richmond to Fremont, North and South of Emeryville, as well as Walnut Creek through South San Francisco, East and West of Emeryville. Therapeutic’s owner-operator facility is ideally located for an integrated delivery operation to tackle a sizable regional market via the major freeway access points (580, 880, 80, and 24) using an Amazon-Uber style model that’s integrated into its storefront operation for seamless customer management but operated by local Social Equity entrepreneurs who would own and operate their own permitted delivery business fully incubated by Therapeutic with zero capital from the Equity Operators the City selects.
5. **Cooperation vs. Competition** - Other jurisdictions achieve City-wide success with legalization, social equity, and increased tax revenue by awarding multiple and simultaneous permits to experienced complementary operators. Under such approach, storefronts are required to cooperate instead of compete to ensure the City’s cannabis legalization goals are met with a clear path to success that includes contingency plans across the simultaneously permitted operators to avoid the “all eggs in one single basket” risks and issues.

In conclusion, we believe the City of Emeryville is at a pivotal decision point with its cannabis legalization. We appreciate the opportunity to submit a responsive package to the RFQ. While we believe the City has done a great job with a fair and balanced selection process, we also believe the



value associated with the range of experience, community benefits, increased tax revenue, and Equity Incubation offered by combining the 3 top finalists clearly outweighs the risks and/or rewards associated with a single operator award.

It's obvious that the City has the "Best in Show" as its 3 finalists. Rather than delay across the board implementation of a comprehensive and responsible cannabis program that includes community benefits, social equity, and increased tax revenue, we respectfully request that the Honorable Mayor and City Council consider awarding the top 3 finalists staggered permits to cover all of the above complementary bases for the City as it transitions into a top leadership position in cannabis legalization. As suggested, the workload can be managed pursuant to a staggered permitting process of 3 to 6 months as opposed to the time consuming and expensive process of issuing and reviewing future RFQs since the City already vetted responsible and capable operators with the current RFQ as witnessed by the good work of City Staff and the scoring summary attached.

Thank you for your consideration of these very important considerations. Therapeutic's above positions are based on significant data analytics of the industry and the projected demand based within the City of Emeryville. As such, we would be happy to meet with the Honorable Mayor, Vice Mayor, and Council Members any time on November 20, 2017 to have discussions about the industry data analytics and City of Emeryville's projected demand base in support of our recommendations above.

The data will show the City has an astonishing "once in a life time" opportunity right now!

Thanks again... I can be reached at nazimi@ohanagrowers.com or 916 757 4892

Sincerely,

Nasser Azimi, President
Ohana Operations

Copy: Rob Fong, Consultant



	#1	#2	#3
Description of Operations			
1. Does the applicant adequately describe the product type, including whether it will be medicinal or recreational?	5.0	5.0	5.0
2. Does the applicant adequately describe anticipated average production amounts (including each product produced by type, amount, process and rate)?	7.0	7.0	7.0
3. Does the applicant identify the source(s) of cannabis?	7.0	7.0	7.0
4. Does the applicant identify any other products or services to be sold or offered at the site that would enhance the experience for the consumer or otherwise benefit the community?	5.0	5.0	5.0
Description of Premises			
5. Does the applicant identify a site where a dispensary/retail is allowed, and if so, have they secured the right to occupy the property (e.g., own or lease it)?	10.0	7.0	5.0
Security Plan			
6. Does the plan adequately address how to prevent individuals from remaining on the premises if they are not engaged in activity related to the business?	10.0	9.0	9.0
7. Does the plan adequately establish limited access to cannabis and cannabis product to both deter and prevent unauthorized access and theft?	7.0	10.0	10.0
8. Does the plan describe adequate secured storage of cannabis and cannabis products in a manner to prevent diversion, theft or loss?	7.0	10.0	7.0
9. Is the cannabis or cannabis product provided in a tamper proof or tamper evidence packaging?	10.0	10.0	10.0
10. Does the plan adequately address how to mitigate off-site impacts such as loitering, noise, odor and driving under the influence?	9.0	9.0	9.0
11. Does the plan adequately address how to limit the amount of cash on the premises?	10.0	0.0	5.0
12. Does the plan describe an adequate tracking system?	10.0	10.0	10.0
Other Licenses			
13. Does the business adequately describe how they intend to obtain state licensing?	5.0	5.0	5.0
14. Has the applicant adequately described the intended customer market, and how they intend to reach that market?	10.0	5.0	8.0
Business Plan			
15. Has the applicant analyzed how their proposed business will complement existing Emeryville industries and businesses?	9.0	5.0	9.0
16. Has the applicant proposed using businesses' hiring and employment practices consistent with Emeryville values?	10.0	10.0	8.0
17. How does the applicant intend to include or to serve individuals who come from communities that traditionally have been harmed by the War on Drugs?	10.5	13.5	15.0
18. Has the applicant offered other benefits to the Emeryville community?	12.0	15.0	9.0
19. Does the applicant's proposed budget submittals, including anticipated first year start up activities, adequately demonstrate financial feasibility for the business if selected as qualified for an Operator's Permit?	15.0	15.0	13.5
20. Does the applicant's proposal adequately address and further the City goals identified in the RFQ?	19.0	18.0	14.5
TOTAL	187.5	175.5	171.0



East Bay Therapeutic Proposed Facility



ADA Compliant Apple Store Format Storefront



ADA Compliant Onsite Consumption Services offering Group & Private Yoga, Massage Therapy, etc.



Onsite Lounge with Hi-Tech Filtration



Onsite Kitchen for Healthy Edibles, Juices, etc.



Discreet & Closed Parking Lot for Long Lines!

www.ohanagrowers.com

www.ohanagardens.org



Examples to Avoid... Long lines around other retailers & residences!



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