

As applicants for a retail cannabis license in Placerville we were disappointed to see the merit-based selection process end in acrimony, with a flurry of challenges to the results. When there are significantly more well-qualified applicants than available permits, the fairness of the process and the distribution of points assigned during a merit-based evaluation will inevitably be called into question. There's little reason to think that another round of evaluations using the same approach will produce a different result. Applicants must make a significant investment to secure compliant locations and produce a quality application package with all the required elements. That expense provides strong incentive to challenge unfavorable results.

We respectfully suggest that at this point a different approach to the selection process would better serve both the City and the applicants. The economic landscape has changed dramatically since the City started down the path to meet the expressed desire of local voters for convenient access to legal cannabis products. The business community has suffered a huge financial hit, and with it the economic base for state and local governments. In this new context it would make sense to allow all the high-quality applicants who submitted complete and compliant applications the chance to develop a permitted business.

Starting up a new business is a risky and complex endeavor regardless of the industry or the existing economic climate. Cannabis startups face far more in the way of regulatory hurdles and related expenses than most industries. The current economic uncertainty adds to the likelihood that some of the applicants will not manage to get a successful State-licensed storefront up and running. By allowing all the qualified applicants to work on developing their businesses, the City can help ensure that it will host new revenue and employment-generating operations in the shortest possible time.

The question of what an optimum number of retail cannabis outlets in the City might be can't be readily answered in advance. These tend to be destination businesses capable of drawing customers from a wide geographic area, which can provide a welcome boost for other neighboring businesses. There is ample opportunity for retail cannabis businesses to target different market segments and differentiate in product selection, with the effect of increasing overall sales and tax revenue. Allowing the market to sort out the question of how many retail operations will succeed offers an attractive alternative to arbitrarily picking a number out of the air. Meanwhile, these businesses will generate jobs and tax revenue while market forces determine the total number that ultimately survive and thrive.

The course we suggest builds on the City's process to date, which has laid out the requirements for retail cannabis businesses and identified a manageable number of qualified applicants. Attempts to finally resolve a point scoring system in favor of just three applicants will likely suffer the same or similar set of problems that will only lead to more delays. By allowing all the qualified applicants to continue to pursue the permitting process, the City can foster job creation and new sources of tax revenue in the least possible time. Properties will be leased or purchased, then renovated or remodeled, boosting property values and income for local property owners. More convenient options for consumers will encourage legal market participation and help reduce the many known social costs associated with the entrenched illicit market.

We hope you will accept this suggestion in the spirit in which it is offered. We feel the proposed resolution is both sensible and defensible as an alternative to further unproductive wrangling over process. We believe this proposal would serve both in the interest of fairness to applicants as well as the public interest.

Thanks for your kind consideration and public service,

Placerville applicants:

Chris Hester, One Plant Placerville

Jared Katz, Dry Diggins Cannabis

Richard Sereghy, Tranquil Meadows