

Host Community Agreements

On December 3, 2018, the City of Newton adopted amendments to its Zoning Ordinance to govern all marijuana establishments and recreational marijuana dispensaries. The Newton Zoning Ordinance requires a Special Permit from the City Council for all marijuana establishments. Marijuana uses are restricted to certain commercial and manufacturing zones and numerous standards and criteria are placed on the different types of marijuana uses. The City of Newton also has a limit of eight (8) marijuana retailers in total, a requirement for a half-mile buffer between all marijuana retailers and dispensaries, and a 500-foot buffer zone for any schools or childcare uses.

Under state law, marijuana establishments and treatment centers are required to execute Host Community Agreements (HCA) with the municipalities in which they operate. The agreement must set forth the responsibilities of the marijuana establishment or dispensary and the community. The HCA may include a community impact fee of up to 3% of gross sales to be paid to the host community, and said payment is limited to a term of five years. The Cannabis Control Commission and the Commonwealth's Attorney General have stated that executing an HCA is the sole authority of the municipality's contracting authority, which in the case of a city is the Mayor. The Mayor is not obligated to enter into an HCA with any particular applicant. The basis for this review and consideration is to protect the health, safety and welfare of Newton residents and the community, while determining which marijuana establishment and dispensary operators best align with Newton's community values.

Mayor Fuller designed a process for reviewing applicants for HCAs. It considers criteria such as security, public health, community relations, experience, equity, economic value, sustainability and context. She has created a Marijuana Host Community Agreement Advisory Group (Advisory Group) consisting of representatives from Planning and Development, Law, Police, Health and Human Services, Transportation and the Mayor's Office to meet with applicants and to give her a recommendation on whether to grant a provisional Host Community Agreement. The HCA is provisional until the completion of the City Council's special permit process as well as the state's Cannabis Control Commission licensing approval process.

The final decision as to whether and under what conditions a marijuana establishment may operate will be made by the City Council as part of the Special Permit process. The Special Permit process includes public input and allows for the City Council to consider concerns raised by the public, as well as how the proposal meets the goals of the City and criteria established by the Newton Zoning Ordinance. When any of the applicants are granted a special permit, they will still need licensing approval by the Cannabis Control Commission.

On August 11, 2022, Governor Charlie Baker signed a comprehensive cannabis regulation law which eliminates the inclusion of community impact fees in host community agreements after the first eight years of a licensee's operation, with the Cannabis Control Commission needing to approve each HCA annually. Furthermore, these HCA funds must be used to address the public health, safety, education, administrative, infrastructure and other effects or impacts by the marijuana establishment on the City and our municipal and school programs, services, personnel, and facilities.

We will continue to watch any legislation that deals with HCA's and will forecast this revenue stream accordingly.

As of this date, three retailers (Garden Remedies, Redi, and Ascend) are currently operating in the City of Newton.

HCA Revenues

Garden Remedies, Newton's first adult-use retail marijuana store, is located on Washington Street and has provided the City with more than \$1.5 million in funds from its Host Community Agreement since opening in May 2019.

Redi, Newton's second adult-use retail marijuana store, opened in July 2021 and is located on Eliot Street. Redi has provided slightly more than \$200K from its Host Community Agreement.

Ascend, the City's third adult-use retail marijuana store, also located on Washington Street in West Newton opened in December 2021 and has provided the City with a total of just under \$200K in HCA funds.

As this is an emerging industry with significant uncertainty about the level of the funding stream, the Administration under Mayor Fuller has been and will continue to be conservative in our budgeting of this new source of funding. Knowing that the funds are limited to only five years and that we may see a shake-out in the number of stores and fluctuations in the level of sales, the Administration will lean to using the funds for one-time expenditures rather than ongoing operating expenses. While the Administration will be inclined to fund new programs and services (as we are this year), the funds may also be used for current ones, especially if the City is facing economic pressures.

Per the statute, any cost to a city or town imposed by the operation of a Marijuana Establishment or medical marijuana treatment center shall be documented and considered a public record as defined by clause Twenty-six of Section 7 of Chapter 4. As such, a full accounting of the receipts from all three retailers and the City's utilization of those funds follows.

**CITY OF NEWTON, MASSACHUSETTS
HOST COMMUNITY AGREEMENTS (HCA) RECONCILIATION**

	ACTUAL FY19 & 20	ACTUAL FY21	ACTUAL FY22	FORECAST FY23	BUDGET FY24
Prior Year Unspent HCA Funds		\$ 303,595	\$ 684,960	\$ 507,895	\$ 434,041
Annual Revenue				\$ 199,775	
Garden Remedies	\$ 423,595	\$ 503,990	\$ 403,677	\$ 300,000	\$ -
Redi	\$ -	\$ -	\$ 100,148	\$ 150,000	\$ 150,000
Ascend	\$ -	\$ -	\$ 56,713	\$ 200,000	\$ 200,000
Total Annual Revenue	\$ 423,595	\$ 503,990	\$ 560,538	\$ 650,000	\$ 350,000
Available Revenue (Prior Year Unspent Plus Current Year)	\$ 423,595	\$ 807,585	\$ 1,245,498	\$ 1,157,895	\$ 784,041
Expenditures					
Newton Public Schools - Psychologist - shared by NSHS and NNHS	\$ 75,000	\$ 77,625	\$ 81,506	\$ 84,359	\$ 87,312
Riverside - Substance Use Services	\$ 45,000	\$ 45,000	\$ -	\$ -	\$ -
Riverside - Newton Specific Clinician Emergency Svcs			\$ 40,000	\$ 90,000	\$ 90,000
Police Community Dog - Officer Leo			\$ 28,878	\$ 10,000	\$ 10,000
Community Health Program Coordinator			\$ 75,462	\$ 77,726	\$ 80,446
Human/Social Services Assistant (P/T)			\$ 9,988	\$ 20,000	\$ 20,000
Medical Supplies - Narcan			\$ 1,769	\$ 1,769	\$ 1,769
Washington Street Redesign			\$ 500,000	\$ -	\$ -
NPS Social Worker and Coordinator of Therapeutic Services - Transfer Bill to H&HS				\$ 440,000	\$ 220,000
Total Expenditures	\$ 120,000	\$ 122,625	\$ 737,603	\$ 723,854	\$ 509,527
Current Year Variance +/-	\$ 303,595	\$ 381,365	\$ (177,065)	\$ (73,854)	\$ (159,527)
Cumulative Unspent Balance of HCA Funds	\$ 303,595	\$ 684,960	\$ 507,895	\$ 434,041	\$ 274,514

Opioid Settlements

Over the last few decades, opioid addiction has ravaged communities all over the country. As such, the Department of Justice has entered into several settlements with opioid manufacturers, distributors, and retail pharmacies. As of the time of writing, the Commonwealth of Massachusetts has signed onto settlement agreements with Johnson & Johnson, a collective of opioid distributors, Walmart, Teva, Allergan, CVS, and Walgreens. These historic settlements will bring over \$900 million into Massachusetts for substance use prevention, harm reduction, treatment, and recovery support. Each municipality within the Commonwealth has been given the option to sign on, as a party, to the settlements. 60% of the settlement funds will go to the statewide Opioid Recovery and Remediation Fund, and 40% will be allocated to Massachusetts municipalities. Based on the current settlements, thus far, Newton is on track to receive over \$3.8 million, distributed across seventeen payments, between 2022 and 2039. The current schedule of estimated payments is included at the end of this section.

Per the Massachusetts Attorney General's Office, the funds must not be used to supplant existing resources and must be used to implement one or more of the following strategies:

1. Opioid use disorder treatment
2. Support people in treatment and recovery
3. Connections to care
4. Harm reduction
5. Address the needs of criminal-justice-involved persons
6. Support pregnant or parenting women and their families, including babies with neonatal abstinence syndrome
7. Prevent misuse of opioids and implement prevention education

Newton's Strategy: Newton formed a substance use coalition in October 2022 which consists of a variety of staff members from City Departments, community partners, and Newton residents. The work of the coalition focuses on youth prevention, parent support, community education, and harm reduction. The expertise and lived experience of the coalition members will help guide the city's priorities in using the funds, which include:

1. Expanding treatment options for individuals with opioid use disorder
2. Increasing connections to care for individuals at risk of developing opioid use disorder
3. Enhancing support for individuals who have lost someone to substance use and/or who currently have a loved one who is using substances
4. Implementing harm reduction measures such as increased access to naloxone
5. Providing school and community-based substance use education, programming, and resources for community members across the lifespan

**ESTIMATED OPIOID SETTLEMENT PAYMENT SCHEDULE
CITY OF NEWTON, MASSACHUSETTS
CURRENT AS OF APRIL 1, 2023**

	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	
Distributor		\$ 151,119.79	\$ 77,437.01	\$ 96,923.38	\$ 96,923.38	\$ 96,923.38	
J&J		\$ 294,984.88			\$ 14,878.00	\$ 14,878.00	
Teva			\$ 25,603.39	\$ 25,603.39	\$ 25,603.39	\$ 25,603.39	
Allergan			\$ 28,327.52	\$ 28,327.52	\$ 28,327.52	\$ 28,327.52	
CVS			\$ 31,485.51	\$ 25,101.84	\$ 50,163.91	\$ 50,163.91	
Walgreens			\$ 61,322.42	\$ 24,382.69	\$ 24,382.69	\$ 24,382.69	
Walmart			\$ 41,553.55	\$ 41,553.55	\$ 41,553.55	\$ 41,553.55	
	\$ -	\$ 446,104.67	\$ 265,729.40	\$ 241,892.37	\$ 281,832.44	\$ 281,832.44	
	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	
Distributor	\$ 96,923.38	\$ 113,993.57	\$ 113,993.57	\$ 113,993.57	\$ 95,823.10	\$ 95,823.10	
J&J	\$ 14,878.00	\$ 18,942.00	\$ 18,942.00	\$ 18,942.00			
Teva	\$ 25,603.39	\$ 25,603.39	\$ 25,603.39	\$ 25,603.39	\$ 25,603.39	\$ 25,603.39	
Allergan	\$ 28,327.52	\$ 28,327.52	\$ 28,327.52				
CVS	\$ 50,163.91	\$ 50,163.91	\$ 47,657.71	\$ 45,111.72	\$ 45,111.72	\$ 45,111.72	
Walgreens	\$ 24,382.69	\$ 24,382.69	\$ 36,939.73	\$ 36,939.73	\$ 36,939.73	\$ 36,939.73	
Walmart	\$ 41,553.55	\$ 41,553.55					
	\$ 281,832.44	\$ 302,966.63	\$ 271,463.92	\$ 240,590.41	\$ 203,477.94	\$ 203,477.94	
	FY2034	FY2035	FY2036	FY2037	FY2038	FY2039	Total
Distributor	\$ 95,823.10	\$ 95,823.10	\$ 95,823.10	\$ 95,823.10	\$ 95,823.10	\$ 95,823.10	\$ 1,724,815.83
J&J							\$ 396,444.88
Teva	\$ 25,603.39	\$ 25,603.39	\$ 25,603.39				\$ 332,844.07
Allergan							\$ 198,292.64
CVS							\$ 440,235.86
Walgreens	\$ 36,939.73	\$ 36,939.73	\$ 36,939.73	\$ 36,939.73			\$ 478,753.71
Walmart							\$ 249,321.29
	\$ 158,366.22	\$ 158,366.22	\$ 158,366.22	\$ 132,762.83	\$ 95,823.10	\$ 95,823.10	\$ 3,820,708.28

	actual payment received
	payment expected