

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 dispensaries 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 City of Newton has a limit of eight (8) marijuana retailers in total. As of this date, the Mayor has approved six host community agreements (HCAs). Only one company, Garden Remedies, is open. Two more applicants (Cypress Tree and Ascend Mass) have received both a provisional HCA from the Mayor and a special permit from the City Council and are awaiting licensing approval from the state's Cannabis Control Commission (CCC). Additionally, three applicants (MedMen, Herbology, Union Twist) have received provisional HCA's from the Mayor, but have not yet received a special permit from the City Council.

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. If any of the three applicants are granted a special permit, they will still need licensing approval by the Cannabis Control Commission.

Garden Remedies

On April 12, 2018, the City of Newton entered into a Host Community Agreement with Garden Remedies, Inc. The Company has agreed to pay the City the following sums:

Section 2 of the agreement addresses the amount of the payments as follows:

2. (a) *3% of the Company's gross revenues from the sale of Medical Marijuana calculated retroactive to March 5, 2018.*
- (b) *3% of the Company's gross revenues from the sale of Adult-Use (i.e. Recreational Marijuana) calculated as of the first date of retail sales.*

Section 4 of the agreement addresses the purpose of the payments as follows:

4. *The purpose of the payments by the Company is to assist the City in addressing any public health, safety, education, administrative, infrastructure and other effects or impacts as may be identified of the Medical Establishment on the City and on its municipal and school programs, services, personnel and facilities. The City may expend the above-referenced payments for these purposes at its sole and absolute discretion.*

Since the development of the HCA, Garden Remedies has provided the City of Newton with more than \$420,000 in funds from its Host Community Agreement. As this is an emerging industry with significant uncertainty about the level of the funding stream, the Administration under Mayor Fuller will be conservative in our budgeting of this new source of funding. Revenues from the Host Community Agreements will not be spent until the following fiscal year. 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.

COVID-19 has even impacted the City's revenue from Medical and Retail Marijuana sales. While we have entered a new era with a retail marijuana store in the City, those retail sales have been suspended through the pandemic as a non-essential service.

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-sixth of Section 7 of Chapter 4. As such, a full accounting of the receipts from Garden Remedies and the City's utilization of those funds follows.

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

VENDOR	FY20 YTD				
	FY19 ACTUAL	FY20 BUDGET	ACTUAL 4/30/2020	CURRENT FY20 FCST	FY21 BUDGET

Revenue

Garden Remedies	\$ 182,463	\$ 140,000	\$ 241,132	\$ 281,132	\$ 157,250
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Total Revenue	\$ 182,463	\$ 140,000	\$ 241,132	\$ 281,132	\$ 157,250
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Cumulative Revenue	\$ 182,463	\$ 423,595
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Expenditures

Newton Police Dept - Overtime for Drug Recognition Expert Training - moved to FY21	\$ 25,000	\$ 25,000
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Newton Public Schools - Psychologist - shared by NSHS and NNHS	\$ 75,000	\$ 75,000	\$ 77,625
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Health & Human Services - Substance Use Services	\$ 45,000	\$ 22,500	\$ 11,250	\$ 45,000
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Health & Human Services - Director of Social Services			\$ 100,000
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Health & Human Services -Social Services Assistant			\$ 25,000
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Substance Use Programming			\$ 7,500
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Kiosks - Drug Drop-Off			\$ 15,000
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Total Expenditures	\$ -	\$ 145,000	\$ 97,500	\$ 11,250	\$ 295,125
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Cumulative Exp Including FY21 Budget	\$ 97,500	\$ 11,250	\$ 403,875
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Remaining Balance of HCA Funds - Actuals through 4/30/2020	\$ 19,720
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