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HOST COMMUNITY AGREEMENT ADVISORY GROUP RECOMMENDATION

DATE: April 29, 2019

TO: Mayor Ruthanne Fuller

FROM: Host Community Agreement Advisory Group

SUBJECT: **Host Community Agreement Recommendation for Ikanik Farms, proposing a marijuana retailer at 1081 Washington Street**

EXECUTIVE SUMMARY

Ikanik Farms is proposing to become a recreational marijuana retailer at 1081 Washington Street, a location just to the east of West Newton Square. Members of the management team met with the Host Community Agreement (HCA) Advisory Group on March 28, 2019.

Ikanik Farms has a team experienced in non-cannabis retail as well as the medical marijuana industry in California. Their team, however, lacks professionals with either security or community relations experience. The site presents substantial transportation and safety challenges for the expected high turnover use. The parking area in the rear has a limited number of spaces and difficult maneuverability. While there is typically street parking available on the opposite side of Washington Street, the nearest safe pedestrian crossing is approximately a half mile away in either direction. For these reasons, and those discussed in more detail below, the HCA Advisory Group does not recommend moving forward with a Host Community Agreement for Ikanik Farm's marijuana retailer at 1081 Washington Street.



CRITERIA FOR CONSIDERATION:

- I. **Security** – *Whether there is a sufficient commitment to public safety and a sufficient plan for*

controlling access to areas with marijuana and preventing sales to underage populations, and other similar factors.

Ikanik Farms proposes 24/7 surveillance on site and armed security personnel. Security will arrive prior to any employees and will remain until all employees have left. There will be additional security for deliveries. As proposed, there will be a security check point downstairs that customers must pass through before going upstairs. The downstairs space is smaller than upstairs and will contain non-marijuana products in line with the applicant's "lifestyle brand." An elevator will be available for those with disabilities (and will be coordinated with security and staff when needed) and is located near the rear door, which will be used for emergencies only. Security will have a system to scan IDs and identify fake IDs. The applicant also offered the Newton Police Department direct access to the security video and the ID log. There will be a minimum of two cameras outside each building entrance and internal cameras will be installed so there will not be any blind spots. Security will monitor the live feeds during business hours and the exterior entrance points will have motion lights. All products will be stored in limited access areas, consisting of a secured and locked room, safes, display cases, or vaults and will have a solid door and a commercial grade door lock. The applicant stated there will be zero tolerance for onsite consumption or intoxication.

The security plan presented appears sufficient to protect the safety of customers and employees and to prevent crime and diversion. However, the Applicant would benefit from including a security expert as a member of the team to further refine the security plan and ensure employees are trained on an on-going basis in security measures.

- II. Public Health – *Whether there is a commitment to help monitor and mitigate health impacts to the neighborhood and to Newton's youth and adult populations, assistance with local substance abuse prevention programming, and other similar factors.*

The applicant proposed partnering with the City of Newton PATH Program and agreed to provide brochures on addiction and substance abuse created by the Newton Health and Human Services Department in stores. The applicant also volunteered to provide links to this information on the website.

- III. Community Relations – *What are the plans for community outreach and addressing community concerns, experience with the Newton community, and other similar factors.*

The applicant proposes partnering with groups such as Elevate Northeast, an organization

created to support the cannabis industry and the need for workforce and community education, advocacy and networking. They also stated that a portion of the marketing budget will go to community meetings and they will hire a dedicated public relations/community affairs staff person. Employees would also be given one paid day off every two or three months to volunteer at a local non-profit.

Ikanik Farms has also stated they will provide a 24/7 contact to all businesses and residences located within 100 feet of the site and they will attend meetings with City staff and other interested parties to discuss costs, benefits, and other community issues that may arise. The applicant also stated they will support and actively participate in city-led public outreach and educational programs for your organizations that outline the risks of youth use of and addiction to cannabis.

The applicant has initially appointed Ryan Kocot, Chief Compliance Officer, as the emergency or community relations contact and has committed to providing 24-hour contact information for any subsequent person in this role. While this is an important step to ensure any issues that arise can be quickly addressed, the community relations plan lacks any additional details for outreach within the local community or addressing concerns prior to issues arising and the Ikanik management team would benefit from including a dedicated community relations staff person.

IV. Experience – *What are the professional experiences and qualifications of the management team and other similar factors.*

The Ikanik Farms management team has experience with cultivation, manufacturing, and retail stores and has either acquired or partnered with companies specializing in distribution (Blunt Brothers and Halo Revenue and Supply) and cultivation (T.H.C.A., Inc). The team's experience is primarily in California as well as a few other western states. They do not yet have experience in Massachusetts but are looking to open three retail stores, with the Newton location being the flagship.

Brian Baca, Chief Executive Officer, is President of Ikanik Farms and oversees corporate real estate, store design and branding, marketing and product assortments. Mr. Baca has over 16 years of finance and business experience, specializing in business and corporate banking. Mr. Baca also has experience in the industry as Ikanik Farms previously operated a 22,000 square foot medical marijuana dispensary and a light cultivation site in California. Ryan

Ciucki, Chief Financial Officer, is the former CFO of a retail chain with 35 storefront locations in California and is the interim CFO and senior finance consultant for a global lifestyle brand. Mr. Ciucki has more than ten years of senior management level experience. Bill Keating, Chief Operating Officer, has 25 years of senior management experience in retail, consumer packaged goods and environmental markets. Mr. Keating was recently on the management team of Robinson's Cannabis prior to its sale and was previously the managing director for Corning Canada Inc, manufacturers of Corningware, Pyrex, Corelle and Revere cookware. Chad White, Director of Government Affairs, is the founder of Blunt Brothers, Inc., a California state licensed cannabis distributor and was previously the managing member of Cali Consultants, a consulting company that managed medicinal cannabis cultivation operations throughout the Western United States. Mr. White has sixteen years of cannabis industry experience. Ryan Kocot, Chief Compliance Officer, is a Massachusetts native and previously litigated criminal cases related to the possession, sale, and manufacture of cannabis. Mr. Kocot has provided licensing and operational compliance services to dispensaries, as well as other cannabis businesses throughout the entire supply chain in California, has been published by the California Bar on legal issues concerning dispensaries and is the founder/president of the Cannabis Section of the Sacramento County Bar Association.

The Ikanik Farms team brings extensive experience in the marijuana industry in California as well as non-cannabis retail experience and law enforcement and compliance experience. The team does not have any direct experience within the marijuana industry in Massachusetts, however. Also, while the team appears prepared for the distribution and sale of marijuana products, they have not identified security or permanent community relations personnel as part of the management team.

V. Sustainability – *What are the proposed sustainable and renewable energy practices, and other similar factors.*

The applicant stated they will utilize sustainable materials and natural lighting, as well as implement energy efficiency measures and take advantage of any state or local energy efficiency programs.

VI. Equity – *What are the qualifications of the Applicant under state Economic Empowerment and/or Social Equity programs.*

Ikanik Farms does not qualify for the state Economic Empowerment or Social Equity programs. They have proposed sponsoring free cannabis crimes expungement clinics and

job fairs. They are currently working with a recidivism program at their Pomona, California location and would also aim to hire people disproportionately impacted to the extent possible at their Newton location. They also discussed a potential incubator program. While Ikanik Farms does not qualify for state programs related to equity, they have proposed ways to positively impact those who have been disproportionately impacted.

- VII. Economic Value – *What is the amount of additional economic value the business would bring to Newton, e.g., new jobs, additional local tax revenue, increased property value, commitment to diverse and local hiring, commitment to use of local businesses for construction, supplies, product, and other business needs, openness to long-term community impact fees, and other similar factors.*

The proposed store would employ ten full time staff equivalents and a manager and expects to spend close to \$500,000 per year on salary expenditures. Ikanik Farms proposes approximately \$27,000 a year for local, philanthropic causes and anticipates approximately \$148,000 per year in local service expenditures (state and city license fees, utilities, security). Ikanik Farms has indicated they will provide 3% of gross revenues to the City. They would also request their design build firm employ local residents and subcontract with Newton based contractors and workers wherever possible and they plan to employ Newton-based service providers as necessary.

- VIII. Context – *Whether the proposed facility is not clearly inappropriate in terms of location, operations as well as transportation, traffic and parking, with those final decisions reserved for the City Council during the Special Permit process.*

The proposed site is located at 1081 Washington Street, on the north side of Washington Street, east of the West Newton Village Center. The site is located 0.8 miles from the nearest marijuana use, Garden Remedies, which is more than the half mile required distance between marijuana retailers. Garden Remedies has been operating as a Registered Marijuana Dispensary (RMD) and is approved to also operate as a marijuana retailer. The site is also more than 500 feet from any public or private k-12 school.

The 8,900 square foot parcel is in the Business 2 (BU2) zone in a commercial strip that extends west to West Newton Square. To the east of the BU2 zone are residential properties zoned Multi Residence 3 (MR3) and to the north, to the rear of the site, are residential properties zoned Multi Residence 1 (MR1). To the south of Washington Street is the Massachusetts Turnpike. Immediately adjacent to the site to the west is the former Beacon Hill Athletic Club, currently vacant, and under consideration for a marijuana retailer, and to

the east is a two-family residential building, with office and retail buildings located further to the east. To the rear of the site, along Wiswall Street and Parsons Street, are single and multi-family residential buildings.

The existing building is a stand-alone two-story, approximately 4,500 square-foot building with the second story extending over the two-way vehicular entrance to the parking in the rear. The building was built in 2015 and most recently housed a mattress store. There would be approximately six parking stalls in the rear, including one van-accessible stall. The rear door would be for emergencies only so customers would need to walk in the driveway to access the front of the building. The driveway is screened by the building, limiting visibility of pedestrians to cars turning into the site. There is no separate sidewalk to the parking lot in the rear. The applicant stated that the parking would be dedicated to customers, but they did not yet have a plan for providing employee parking. The rear parking facility has few parking stalls and has difficult maneuverability for cars needing to reverse out of a stall and turn around. There is additional parking along Washington Street, primarily on the south side of the street; however, the nearest pedestrian crossing is one-half mile away in either direction.

The proposed site is near the end of a commercial strip that extends to West Newton Square and directly abuts three residential properties. There appears to be some landscaping currently screening the adjacent uses; however, given the relatively small parcel and constrained parking area, there are limited opportunities to increase screening. As the parking area is located behind the building and has limited visibility from the street, it would be important to have adequate lighting for safety purposes while still ensuring the lighting does not spillover onto the adjacent residential properties. The parking area and pedestrian circulation do not appear sufficient to serve adequately and safely a potentially high-turnover use. While additional street parking is available, it is not currently safe for pedestrians to cross Washington Street in proximity of the site, increasing the likelihood of customers parking in the surrounding neighborhoods on the north side of Washington Street.

RECOMMENDATION:

Ikanik Farms demonstrates substantial industry knowledge and experience but lacks an emphasis on community relations and security within their team. The proposed site provides some advantages in that it is two floors, allowing product to be located upstairs, out of sight and reducing the need for blocking out windows to meet state requirements

restricting visibility of marijuana products. However, the HCA Advisory Group has significant concerns with the parking and circulation. The six parking stalls located on-site do not appear sufficient for the use; the parking area is constricted and results in difficult maneuverability; and there is not safe circulation for pedestrians from the parking lot to the main entrance. Washington Street does not currently have safe pedestrian crossings near the site, limiting the ability to utilize on-street parking, and likely resulting in customers parking in residential neighborhoods. The proposed site also directly abuts three residential properties to the east and north, making landscaping and lighting critical. Therefore, the HCA Advisory Group does not recommend moving forward with a Host Community Agreement for Ikanik Farms at 1081 Washington Street.