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HOST COMMUNITY AGREEMENT ADVISORY GROUP RECOMMENDATION

DATE: August 30, 2019

TO: Mayor Ruthanne Fuller

FROM: Host Community Agreement Advisory Group

SUBJECT: **Host Community Agreement Recommendation for ARL Healthcare, Inc.,
proposing a marijuana retailer at 1114 Beacon Street**

EXECUTIVE SUMMARY

ARL Healthcare, Inc. ("ARL") is proposing to become a recreational marijuana retailer at 1114 Beacon Street in Newton Four Corners. Members of the management team met with the Host Community Agreement (HCA) Advisory Group on May 9, 2019.

The applicant has a management team with significant local ties and experience in commercial real estate development, the medical cannabis industry, security, and healthcare. The site presents traffic and safety concerns as the size of the building and parking facility are likely to draw regional customers and induce driving in an area where congestion is a concern. The application did not present strong enough plans for transportation demand management, equity, or community relations. 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 ARL Healthcare Inc.'s marijuana retailer at 1114 Beacon 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.

ARL proposes surveillance cameras and three onsite uniformed security officers during all hours of operation. ARL will provide the Newton Police Department with direct access to security cameras, as well as direct contact in the event that a duress alarm is triggered. There will be three security zones within the building, including a patient entrance, employee and visitor entrance, and a control room for monitoring and coordination. Additional intrusion detection and preparedness measures include the extensive proliferation of CCTV cameras, several panic stations, battery backup for 48 hours, daily self-tests, and automatic reporting of low battery conditions and power loss.

Monitoring of exterior areas is not extensively covered in the application, although ARL has said that cameras will cover all entrances and exits. Given the sizable parking lot and tree cover on the property, it would be advisable for the applicant to add cameras to monitor the parking area and minimize the possibility of diversion. The perimeter of the facility and the parking area should be sufficiently lit. Deliveries will be made through a secure receiving area and there will be procedures in place to identify any discrepancies in weight or inventory of product delivered. All staff will be trained in anti-diversion measures.

William Hill is identified as the Security Director. Mr. Hill is currently the Security & Personnel Manager at the Thomas C. Slater Compassion Center in Rhode Island. In this role, he oversees all security functions of the facility of a cannabis site. He has also served for 21 years with the Rhode Island State Police, where he achieved the rank of Lieutenant Colonel, Commanding Officer of the Department of Public Safety, third in command of the Division, in that capacity. He had complete oversight of the Division of Sheriffs, Capitol Police, E-911 Emergency Services, Public Safety Grants Commission, State Police Training Academy, and the Municipal Police Training Academy.

The security plan presented is thorough and appears sufficient to protect the safety of customers and employees and to prevent crime and diversion. However, the parking facility may need more extensive surveillance, and ARL has not identified staff to patrol the parking area.

- 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.

ARL is fully committed to working with the Newton Police Department and Newton Public Schools to curb the ability of minors to access their products. ARL intends to make clients aware of local substance abuse programming and education opportunities, including initiating discussion of education materials at community outreach events. ARL has an extensive plan for preventing theft and diversion of its products so as to protect public health. They have reached out to the Gavin Foundation and Spectrum to partner on substance abuse prevention.

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

ARL will hold the state-mandated community outreach meeting and has indicated they are open to regular meetings with the neighborhood. ARL intends on holding regular open houses at its facility for community leaders, residents, local business owners, police, and local government officials to identify their concerns. As is practical, they will respond directly to the concerns of residents and all other stakeholders. The proposed building exceeds the maximum area permitted for a marijuana retailer and ARL has stated the remaining space could be used as a space to “enrich the local community, enhancing and expanding our capacity to educate, train, convene, and inform the public”.

ARL Healthcare’s President, Ken Housman, is a lifelong Newton resident and ARL has also engaged two Newton residents for legal services and the owner of the property, a longtime resident of Newton, will serve as a consultant on local matters. Additionally, ARL Healthcare is a subsidiary of MariMed, Inc., which has offices in Newton and is involved in nationwide operating and consulting for all aspects of the marijuana industry.

ARL appears committed to community relations and has several local ties, though they have not identified a community point of contact or stated whether there will be a 24/7 contact for the public once open. Additional details are also needed regarding the additional space within the building and how that would be used. The Advisory Group has some concerns with the marijuana retailer directly providing public health or substance abuse education in this space.

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

The ARL team has deep experience with marijuana cultivation, product development, business, facilities management, leadership, customer service, security, and marketing. ARL Healthcare is a subsidiary of MariMed Inc., a public company with years of management experience in the cannabis industry. MariMed has offices in Newton and has developed and operates 13 cannabis licenses for cultivation, production, and dispensaries in multiple states. ARL Healthcare has received a provisional RMD license from the state for medical marijuana. The company is also planning a future dispensary in Middleborough, Massachusetts and a cultivation facility in New Bedford.

Kenneth Housman is the President of ARL and is a lifetime Newton resident and is Divisional President of Armatron International, a Massachusetts based company. Gerald McGraw, Chief Executive Officer, has been the CEO of the Thomas C. Slater Center, a medical marijuana dispensary in Providence, Rhode Island. Jon Levine, Chief Financial Officer, has over ten years of experience in the operation and financial oversight of cannabis dispensaries, as well as 25 years of management experience in finance, human resources, real estate development, and healthcare management. Timothy Shaw is listed as the Chief Operating Officer of MariMed. He has over 20 years of business leadership and operational experience, along with technical expertise in agriculture, cultivation, hydroponics, processing, facilities management, and product development. He provides day-to-day leadership and management to the organization, while ensuring proper operational controls, reporting procedures, and people systems are in place to effectively grow the organization and to ensure financial strength and operating efficiency.

The local team is led by Romel E. Velasco, the General Manager for ARL Healthcare facilities. He brings over 26 years of combined federal law enforcement and military experience with expertise in strategic planning, executive leadership, crisis management, and partnership building in diverse complex and fluid environments. He is also a retired Senior Supervisory Resident Agent, once in charge of the state of Rhode Island office of the FBI. Julio Dion is the store Manager of ARL Healthcare. Ms. Dion has a business degree and over 20 years' experience in retail management. Her skills also include developing and training store teams while controlling inventory in the store. MariMed will provide Human Resources and Marketing and Production advisors.

The ARL/MariMed management team includes deep experience in the marijuana industry

as well as agriculture, law enforcement, and retail management.

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

The applicant has demonstrated a commitment to energy efficiency in its windows, lighting fixtures, and heating and cooling system. Low-flow toilets, extensive insulation, and extensive recycling efforts will also contribute to the sustainability of the facility. ARL is also investigating the feasibility of rooftop solar panels. ARL has offered to subsidize MBTA passes for employees for the first two years to incentive employees to not drive. Given the abundance of parking at this site and the commitment to only subsidize transit passes for two years, the Advisory Group has concerns that it will be more attractive for employees to drive than take transit or other alternative modes.

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

ARL does not qualify for the state Economic Empowerment or Social Equity programs. They have submitted an equal opportunity plan and have expressed a commitment to equitable hiring practices and diversity goals. ARL has stated they will partner with the Massachusetts Recreational Consumer Council on a hiring plan to promote employee diversity with a goal of having at least 35% of employees be persons of color or veterans. As part of their economic contributions to the City, they have implemented a robust process of self-review for hiring practices and outreach procedures. Targeted recruitment activities may include the clear promotion of ARL Healthcare's Equal Opportunity employer status, working with job placement organizations focused on diversity outreach, staff recruitment of diverse hires, and attendance of job fairs or events at community centers or schools with significant minority populations.

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 27 employees in year one. ARL has indicated they are open to providing a 3% community impact fee to the City, in addition to the 3% local sales tax. The applicant also intends to employ local businesses for the installation and

maintenance of utilities, financial activities, pest control, landscaping, waste removal, and consulting at the facility.

- 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 1114 Beacon Street in Newton Four Corners. The site is located more than a half mile from the nearest marijuana use, an approved Registered Medical Marijuana Dispensary (RMD) at 24-26 Elliot Street. The site is also more than 500 feet from any public or private k-12 school.

The 54,000 square foot parcel is in the Business 2 (BU2) zone in a commercial strip along the south side of Beacon Street in the Four Corners area. The site is approximately 300 feet west of the Walnut Street intersection. Surrounding uses along Beacon Street are largely retail and office spaces, although there are some private residences on the north side of Beacon Street, across from the proposed site, and in the neighborhood to the south of the property. While the building is situated in the far north of the lot, quite close to Beacon Street, there are still at least 15 private residences located within 300 feet of the proposed marijuana retailer.

The existing building is a stand-alone one-story, approximately 6,000 square-foot building, constructed circa 1940. The building was most recently occupied by Apgujung, a sushi restaurant. The applicant has expressed interest in utilizing fewer than 5,000 square feet of the available retail space and reserving the rest for some public use.

The proposed site has ample parking and can fit up to 70 stalls. While parking is important for a high-turnover use such as this, the size of the building and number of parking stalls raises concerns that this site will encourage both employees and customers to drive, as opposed to taking transit or other modes, and that it will be a regional draw in an area where congestion is a concern. The proximity to the Walnut Street intersection is also a challenge for a high turnover use as vehicles traveling eastbound on Beacon Street are often backed up beyond this driveway, which will make it difficult for cars turning into or out of the site to get a break in traffic leading to further congestion and safety concerns.

Additional landscaping along the street and lighting in the parking area may be required to beautify the parcel and improve security and visibility, respectively.

RECOMMENDATION:

ARL has an experienced management team (though they do not identify a community relations contact) and has presented a thorough plan for security and appropriate approaches to public health and sustainability. The applicant would benefit from a stronger focus on community relations and more detail regarding their plans to positively impact areas and communities of disproportionate impact. The size of the site and proximity to the intersection of Beacon Street and Walnut Street is also of great concern. While ARL has committed to some subsidies of transit passes for employees, it is only for the first two years and the amount of parking on site will likely induce driving. Traffic frequently backs up from the intersection beyond the site driveway. This results in poor visibility for vehicles exiting the driveway and cars turning left into the site have the potential to back up traffic beyond the intersection.

The Zoning Ordinance requires a half-mile buffer between all RMDs and marijuana retailers. ARL's application is strong in several areas, including experience, however there were four applications for HCAs in this immediate area and ultimately the Advisory Group found another application to be stronger, particularly related to site concerns.

Therefore, the HCA Advisory Group does not recommend moving forward with a host community agreement for ARL Healthcare, Inc. at 1114 Beacon Street.