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HOST COMMUNITY AGREEMENT ADVISORY GROUP RECOMMENDATION

DATE: September 28, 2021

TO: Mayor Ruthanne Fuller

FROM: Host Community Agreement Advisory Group

SUBJECT: **Host Community Agreement Recommendation
Blue Sky Organics – 16 Maguire Court**

Executive Summary

Blue Sky Organics is seeking a Host Community Agreement to establish a delivery operator (the “Facility”) at 16 Maguire Court (the “Site”). The Site is located within the Manufacturing zoning district at off of Crafts Street, north of Washington Street in Ward 2. A Marijuana Delivery Operator is an allowed use by-right in the manufacturing zones in the City of Newton Zoning Ordinances. The Host Community Agreement Advisory Group (the “Advisory Group”) met with Blue Sky Organics on July 27, 2021.

Blue Sky Organics is a Social Equity applicant, per the Cannabis Control Commission’s (the “Commission”) requirements that delivery operator licenses be limited to Economic Empowerment and Social Equity applicants for a period of three years. Blue Sky Organics features a management team with experience in finance, real estate, business ownership, security and logistics. As a delivery operator, there will only be wholesale storage and delivery vehicle parking on site; the Facility will not be open to the public. The Site has sufficient parking and space for secure loading and unloading of vehicles. Detailed below are the specific criteria reviewed as part of the Advisory Group’s due diligence function.



16 Maguire Court

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.*

Blue Sky Organics is seeking to establish a marijuana delivery operator on Site. There will be no on-site sales of marijuana or marijuana related products. Blue Sky Organics has retained Matthew Gutwell, who has extensive experience with security plans for cannabis businesses, to design their security plan and the Newton Police Department has found the plan to be thorough. Blue Sky Organics will purchase marijuana and marijuana related products wholesale and store them on site before delivering directly to customers. They will comply with all of the Commission’s security requirements for a delivery operator, including storing all marijuana products in a secure and alarm-equipped inventory room, storing marijuana products and cash inside of tamper-resistant and theft-proof locked vessels secured inside of unmarked company delivery vehicles, requiring drivers and delivery agents to wear body cameras while enroute and making deliveries to customers, and requiring at least one staff person always remain in the vehicle. Blue Sky Organics will utilize tracking devices on each product (to be removed upon sale). Vehicles will use GPS technology to ensure live tracking of all vehicles making deliveries and delivery drivers will be equipped with body cameras and will be trained to properly verify each customer’s identification upon delivery. Vehicles will be unmarked and will use randomized routes and drivers will be required to take a driver safety course.

A minimum amount of product will be stored onsite, and the products will always be packaged. Blue Sky Organics will relabel products, but they will never be opened. Only employees may access the site and all employees will receive a background check with comprehensive screening and all employees are also pre-screened by the Commission and must have a valid Commission-issued Marijuana Establishment Agent card to be eligible to work. All entrances to the building will be secured and access to areas containing marijuana will be restricted to specific employees. Inventory will be locked in a safe/vault and all orders packed for delivery will occur in an enclosed and secure area to prevent access by unauthorized persons. The security system will also include interior and exterior cameras and alarm systems. The Advisory Group recommends that the applicant provide the Newton Police Department with full access 24/7 to the security cameras and body cameras.

- 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.

Blue Sky Organics is committed to helping mitigate health impacts to the neighborhood and to Newton's youth and adult populations. Blue Sky Organics has proposed that they will provide test strips to the Department of Health and Human Services to give to residents to test for fentanyl, they will provide the Newton Police Department with narcotics tester for field testing narcotics, and they will work with a national training company to provide a harm reduction training plan for the city. The Advisory Group is supportive of Blue Sky Organic's proposals and also recommends that their website direct consumers to resources such as the Department of Health and Human Services' downloadable information sheets on cannabis.

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

Blue Sky Organics will be closed to the public as retail cannabis transactions are strictly prohibited onsite; a delivery operator business does not cause the same concerns that a cannabis retailer may create for nearby residents and businesses. Blue Sky Organics is not proposing any signage and vehicles will be unmarked resulting in the business having limited visibility in the community. Deliveries will be highly regulated by the Commission and may only occur during the hours of 8 a.m. to 9 p.m. and cannabis products may only be delivered to consumers over the age of 21 at private residences, as defined by the state regulations (this excludes dormitories, hotels, and public housing, amongst others).

Blue Sky Organics conducted a virtual community outreach meeting on August 19th. Questions and comments primarily focused on security, licensing status, the proposed harm reduction plan, and where products will be sourced from. Blue Sky Organics responded that they are pre-certified with the Commission and that they will be buying in bulk from cultivators, most likely in western Massachusetts.

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

John Caruso, CEO, grew up in Newton and is the owner and operator of JC Caruso Corporation, a landscaping construction company based in Newton, MA.

Jay Jentz, CFO, also grew up in Newton and is the owner of Jentz Capital Management LLC, a real estate firm focused on both commercial and residential real estate sales and

leasing.

Matthew Gutwill, security analyst and consult, is a retired law enforcement officer, with over 20 years' experience in the Federal branch of law enforcement. Matthew has extensive experience in the cannabis industry.

Josh Zakim is a local attorney with extensive experience in local politics. Josh currently assists Blue Sky Organics as legal advisor.

Scott Singelais, a military veteran, is a local telecommunications professional. Scott will be the logistical manager for Blue Sky Organics.

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

Blue Sky Organics will be constructing a new building and intends to operate their facility in an energy efficient manner keeping sustainability, energy consumption, and resource usage as core considerations during buildout. They will utilize hybrid and electric vehicles for delivery vehicles and will provide EV charging stations and will explore installing solar panels.

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

John Caruso is a certified Social Equity applicant. He was part of the entrepreneurial track, which focused on owning a cannabis business. Blue Sky Organics has also stated that they are committed to diversifying their staff and hiring those affected by the war on drugs, women, BIPOC, LGBTQ+, those with disabilities, and veterans.

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.*

Blue Sky Organics will be locating their delivery operator facility at 16 Maguire Court. The site is currently underutilized with a building in poor condition. Blue Sky Organics will redevelop the site with a new building, enhancing the value of the property. Blue Sky Organics has stated they will make hiring of Newton residents as well as individuals in

communities disproportionately affected by the war on drugs a priority. The City will also capture 100% of the 3% local sales tax and Blue Sky Organics has agreed to a 3% community impact fee. Vehicles will be registered in Newton as well, resulting in the City collecting vehicle excise taxes for all delivery vehicles.

- 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 site is located at 16 Maguire Court in a Manufacturing zoning district. The approximately 5,000 square foot site is currently improved with a building in poor condition, which will be torn down. Nearby uses predominantly include industrial uses, such as automotive repair, parking lots. To the rear of 16 Maguire Court is a six-unit condo complex, accessed from Court Street. There is a privacy fence and dense vegetation between the properties. A delivery operator is not subject to any buffer restrictions from other uses in the state regulations or the Newton Zoning Ordinance.

Blue Sky Organics plans to tear down the existing building and replace it with a modular building with the same footprint. They will also construct two permeable paver driveways and will include a dumpster, bicycle racks, and new landscaping on site. They have the ability to park up to 15 vehicles onsite and the potential to utilize adjacent property if additional parking is necessary. Blue Sky Organics plans to start with five hybrid or electric vehicles and a total of 15 employees, which includes 10 drivers. They will operate between 10 am and 8 pm and due to the site's proximity to major roadways and travel routes they will not need to travel through any dense neighborhoods. They also anticipate each vehicle only leaving the site once a day for deliveries.

RECOMMENDATION:

Blue Sky Organics is a Social Equity applicant with a dedicated team, and they will be located at a site well-suited for delivery operations. The delivery operator facility will have very limited signage and a limited impact on traffic with delivery vehicles making very few trips to and from the site each day. The HCA Advisory Groups recommends a Host Community Agreement be granted for Blue Sky Organics.