

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, except for couriers and delivery operators. 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 medical marijuana treatment centers, and a 500-foot buffer zone between schools and marijuana retailers and treatment centers.

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 retail 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.

The City of Newton has a limit of eight (8) physical marijuana retail establishments in total. In order to be approved locally, each retailer must first be approved for a Host Community Agreement (HCA) by the Mayor, and then for a Special Permit by the City Council. As of this date, the Mayor has signed HCAs for all eight retailers. Of the eight retailers, three (Garden Remedies, Redi, and Ascend) are currently operating; four (MedMen, Union Twist, Green Lady, and Verilife) have received their Special Permits from the City Council; and one (Nuestra) will shortly be filing for a Special Permit hearing.

The City of Newton also allows for Marijuana Delivery Operators in accordance with the Cannabis Control Commission's regulations. Delivery operators are not retailers and are not subject to a limited cap in terms of the total number of operators in the City. The Mayor must sign an HCA for every delivery operator and the City receives 3% of the sales tax for each delivery operator and up to an additional 3% of sales through the HCA. The Mayor has signed HCAs for three delivery operators (Emerald Turtle on

Wells Avenue, Blue Sky Organics on Maguire Court, and Rolling Releaf on Adams Street). Delivery operators do not need a Special Permit. After receiving an HCA from the City of Newton, their next step is to obtain a license from the Cannabis Control Commission and building permits, if needed, from the City. Blue Sky Organics has recently received their license approval from the Cannabis Control Commission and expect to start operations this summer.

HCA Revenues

Garden Remedies, Newton's first adult-use retail marijuana store, is located on Washington Street in Newtonville. Garden Remedies has provided the City with more than \$1.1 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 Elliot Street in Newton Upper Falls. In its first two quarters of operation, Redi has paid just over \$58,000 from its Host Community Agreement.

Ascend, the City's third adult-use retail marijuana store, located on Washington Street in West Newton opened in December 2021 and has provided the City with \$13,800 in HCA funds in its first month of operation.

As this is an emerging industry with significant uncertainty about the level and certainty 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, the funds may also be used for current ones, especially if the City is facing economic pressures.

Per the state 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-FY21	ACTUAL Q1 & Q2	FCST THRU JUNE	TOTAL FY22 FCST	BUDGET FY23
Prior Year Unspent HCA Funds				\$ 577,460	\$ 101,179
Annual Revenue					
Garden Remedies	\$ 927,585	\$ 204,349	\$ 204,349	\$ 408,698	\$ 400,000
Redi	\$ -	\$ 58,958	\$ 100,000	\$ 158,958	\$ 200,000
Ascend	\$ -	\$ 13,801	\$ 50,000	\$ 63,801	\$ 100,000
Delivery #1					\$ 25,000
Total Annual Revenue	\$ 927,585	\$ 277,108	\$ 354,349	\$ 631,457	\$ 725,000
Available Revenue (Prior Year Unspent Plus Current Year)	\$ 927,585			\$ 1,208,917	\$ 826,179
Expenditures					
Police Community Dog		\$ 19,526	\$ 5,500	\$ 25,026	\$ 10,000
Newton Public Schools - Psychologist - shared by NSHS and NNHS	\$ 152,625	\$ 81,506		\$ 81,506	\$ 84,359
NPS Social Worker and Coordinator of Therapeutic Services - Transfer Bill to H&HS		\$ -	\$ 220,000	\$ 220,000	\$ 220,000
Community Health Program Coordinator	\$ -	\$ 37,731	\$ 37,731	\$ 75,462	\$ 77,726
H & HS - Director of Social Services	\$ 100,000	\$ 50,000	\$ 50,000	\$ 100,000	\$ 103,000
Riverside - Newton Specific Clinician Emergency Svcs	\$ -	\$ -	\$ 40,000	\$ 40,000	\$ 80,000
Youth Internship Program - MassHires	\$ -	\$ -	\$ -	\$ -	\$ 30,000
Part-Time Human/Social Services Assistant	\$ -	\$ 3,663	\$ 2,500	\$ 6,163	\$ 20,000
H & HS - Substance Use Services	\$ 90,000	\$ 45,000	\$ -	\$ 45,000	\$ -
Barry Price - Mental Health Programming	\$ 7,500	\$ 3,546	\$ 3,546	\$ 7,092	\$ 7,092
Washington Street Redesign			\$ 500,000	\$ 500,000	\$ -
Kiosks - Drug Drop-Off		\$ -	\$ 5,720	\$ 5,720	\$ 5,720
Medical Supplies - Narcan	\$ -	\$ -	\$ 1,769	\$ 1,769	\$ 1,769
Total Expenditures	\$ 350,125	\$ 240,972	\$ 866,766	\$ 1,107,738	\$ 637,897
Current Year Variance +/-	\$ 577,460	\$ 36,136	\$ (512,417)	\$ (476,281)	\$ 87,103
Cumulative Unspent Balance of HCA Funds	\$ 577,460			\$ 101,179	\$ 188,282