

FW: 6/12/23 Council Meeting / Agenda Item 4.1 - Cannabis Regulatory Program (Written Public Comment)

City Clerk <city.clerk@sanjoseca.gov>

Tue 6/13/2023 7:45 AM

To:Agendadesk <Agendadesk@sanjoseca.gov>

From: Fernando E. Alvarez [REDACTED] >

Sent: Tuesday, June 13, 2023 7:32 AM

To: City Clerk <city.clerk@sanjoseca.gov>

Cc: Fernando E. Alvarez <fernando@vapor tent.com>

Subject: 6/12/23 Council Meeting / Agenda Item 4.1 - Cannabis Regulatory Program (Written Public Comment)

[External Email]

Dear Honorable Mayor and City Council,

My name is Fernando Esequiel Alvarez, a San Jose resident, former 20+ year tech professional, and Founder of VaporTent Lounges, LLC - State Licensed Cannabis & Social Consumption Events — California's Department of Cannabis Control LIC # CEO14-0000005-LIC.

I want to thank the city for being forward-thinking and innovative toward the Cannabis industry over the years, such as allowing dispensaries to operate four years before legalization, creating a cannabis equity assistance program, and approving additional retail locations throughout San Jose.

However, I sincerely believe there is a significant opportunity the city is overlooking, and that is to embrace cannabis tourism and allow for State Licensed Cannabis & Social Consumption Events. Now, when I say "Cannabis Events", I'm not talking about the large-scale stigmatized Fest, Con, or Expo. I envision small-scale social consumption events that would position our small businesses and local arts community to take full advantage of the emerging market of Cannabis Tourism, as consumers are interested in participating in licensed cannabis activities produced in a public or social setting.

VaporTent Lounges, LLC - Company Advocacy: (2014 - 2023)

In 2014, after witnessing how forward-thinking & innovative San Jose was toward Cannabis. That was the creative spark with which I founded VaporTent Lounges and told myself, "I'm getting into the cannabis industry!" From 2014 through 2017, I produced a series of private social consumption events throughout the city at venues such as Cine Arts Santana Row, The Improv, Jazz Beyond, The Tech Interactive & the San Jose Museum of Art, to name a few.

In 2018, California's Department of Cannabis Control created a licensing structure regarding commercial cannabis activities, including "Temporary Cannabis Events," and VaporTent Lounges was one of the first businesses licensed by the State as a "Cannabis Event Organizer." I received my temporary license (CEO14-18-00000026-TEMP) in February and my annual license (CEO14-0000005-LIC) in May 2018.

Once I became licensed by the State, I no longer produced private events and focused solely on Social Consumption Policy.

November 2018: Leafly article - Governor OK's Way More Cannabis Events.

<https://www.leafly.com/news/politics/california-governor-oks-way-more-cannabis-events>

In 2018, the Cannabis Publication Leafly interviewed me for the 2018 article highlighting the passing of Assembly Bill 2020. The bill expanded the type and number of venues that can host licensed cannabis events. As of January 2019, State-Licensed Cannabis Event Organizers can host Licensed Social Consumption events at public and private venues, outdoor spaces, art galleries, museums, movie theaters, performing arts theaters, parks, and urban streets. Essentially, any venue local officials allow them to be held.

Quotes from the 2018 Leafly Article:

- *"Alvarez said he's approaching museums and jazz festivals in the San Francisco Bay Area and envisions highly curated events for smaller audiences, a fraction of the size of The Emerald Cup or High Times' Cannabis Cups."*
- *"The possibilities are endless," Fernando E. Alvarez, Founder of VaporTent Lounges, said. "Brand-name comedians want to work with us. Grammy Award-winning artists want to work with us. Executive chefs want to work with us. We're just trying to land a venue."*
- *"Cannabis events support local economies and small businesses. The passing of AB2020 remedies that gap by allowing local governments to approve temporary cannabis event licenses at any venue they wish to permit."* - Assembly Member Quirk, Author of AB2020.

2019 January - SF & SJ Consideration for Cannabis Events.

San Jose & San Francisco were simultaneously interested in what the event license could do. In San Jose, a memo was drafted by former councilmembers Peralez & Carrasco to discuss the opportunity for San Jose. Unfortunately, the topic did not earn enough consideration for that year's priority setting.

With San Francisco, I was invited to work with their Entertainment Commission, Office of Cannabis, Board of Supervisors, Cannabis Legalization Task Force, and the Chamber of Commerce, contributing to the development & passing of their Cannabis Event Pilot Program. In August 2019, in a historic first, San Francisco's *"Outside Lands"* Music Festival was the first in the United States to have legal sales & consumption of cannabis.

- *(See Slide: San Francisco Adopts Cannabis Event Ordinance - Aug 2019)*

That experience and lessons learned in San Francisco gave me the confidence to take the entrepreneurial leap. I left my day job to focus 100% of my time on expanding opportunities in California. Unfortunately, shortly after that, the pandemic hit, and I've since entered the gig economy as a ridesharing driver to keep the company & vision alive.

Stockton, CA. 2020 - 2023 (See Slide: Stockton Adopts Cannabis Event Ordinance - July 2020)

- **June 2020:** Stockton adopted ordinance #2020-06-23-1103, amending Title 12, Chapter 12.72, special events related to temporary cannabis events. Signed by the Mayor of Stockton, Michael D. Tubbs, the program was effective 7/23/2020.

This is a deeply personal achievement for me because not only is it my city of birth. It is the city that arrested my family due to the war on drugs, and it was those arrests in 1983 that sent me to San Jose as a kid to meet & live with my father. So, to come full circle and successfully advocate city officials about the economic, entertainment, and tourism opportunities that social consumption events would bring to the city is deeply personal for me.

- **September 2022 - Inaugural Event Production:** As soon as the pandemic regulations opened up, we designed a series of "Proof of Concept" collaborative social consumption events with businesses in Stockton's downtown core. These events include a 49er Monday Night Football NFL Watch Party, an NBA G-League Basketball Game with courtside seats, and blockbuster movie releases at the Stockton City Center IMAX theater, aka Regal Cinemas. Unfortunately, local crime news of a serial killer had gained national attention, and out of an abundance of caution from myself and concern from guests & sponsors, I decided to cancel those inaugural events.

2021 San Jose, CA - Spotlight Article: San Jose Entrepreneur Pushes City to Allow Cannabis Events.

<https://sanjosespotlight.com/san-jose-entrepreneur-pushes-city-to-allow-cannabis-events/>

- *"A San Jose entrepreneur wants the city to expand its horizons and allow special events at museums, concerts, and comedy clubs where adults can smoke, drink or eat cannabis products. Fernando Alvarez, the founder of VaporTent Lounges, said the city is missing out on an economic policy he's helped other California cities craft. One that allows organizers to host special events where people can sell and consume Cannabis."*
- Scott Knies, (former) executive director of the San Jose Downtown Association, said his organization tried to organize a cannabis event at the 2020 Music in the Park Festival. Airfield Supply & Co. was going to sponsor the event, but the pandemic killed the plan. Knies told San José Spotlight, *"It may take time to get the city to develop a policy, but it's worth working on."*
- Sean Kali-rai, a cannabis lobbyist and founder of the Silicon Valley Cannabis Alliance, said, *"I think we should be seriously looking at consumption lounges and these types of licensed, professional events in sanctioned areas,"* Kali-rai told San José Spotlight. *"Allow consenting adults to do what they voted for under Prop. 64."* Like Alvarez, Kali-rai suggests dollars from cannabis tourism and events could help revitalize the downtown area.

2023 Sacramento, CA - Sacramento to submit Cannabis Event Proposal to City Council (July 2023)

<https://sacramentocityexpress.com/2023/05/02/see-how-the-city-is-gathering-feedback-on-social-cannabis-consumption/>

- *Sacramento's Office of Cannabis Management (OCM) met with local business organizations to hear their thoughts on possible social consumption scenarios, such as lounges, cafes, and temporary cannabis events. "The workshops gave participants a glimpse on what social consumption of cannabis looks like in other cities and what it could look like if approved in Sacramento," said Davina Smith, head of the Office of Cannabis Management*

Working directly with Sacramento's Office of Cannabis Management, I provided them with an overview of best practices and standards established by the State of California regarding Cannabis & social consumption events. If considered favorable by the city council, this would be my 4th successful jurisdiction in developing their respective social consumption policy.

The Data & Market Validation vs. Stigma: (See Slide: Market Validation - Cannabis Tourism is on the Rise)

I invite open dialog to review the data and market validation. There is significant, well-documented interest in consumers participating in cannabis activities produced in a public or social setting vs. opposing opinions based on Stigma that can prevent progress.

I'd also like to reference Gov. Newsom's September 18th, 2022, press release calling on legislators and other policymakers to redouble efforts to tackle barriers to access while announcing that he had signed several measures to strengthen California's cannabis laws, expand the legal cannabis market and redress the harms of cannabis prohibition.

- *(See Slide: Governor Newsom Strengthens California Cannabis Laws - Sept 2022)*

Additionally, I'd like to reference one of the Cannabis Event Bills signed by Governor Newsom, AB 2210

- AB2210 expands the opportunity to host Licensed Cannabis Events. It clarifies that Hotels, Bars, and Restaurants or any venue with an alcohol license are eligible to host Social Consumption Cannabis Events, provided that the State Licensed event organizer meets all the current protocols outlined under existing law.

This is a game-changer as it expands eligible venues that can host licensed Cannabis Events.

Recommended Next Steps:

As we are looking for innovative ways to build a more vibrant San Jose, the Capital of Silicon Valley, has the opportunity not only to support one of their cannabis entrepreneurs that has demonstrated leadership in this space. We also have the chance to make San Jose a Global Tourism Destination for State Licensed Cannabis & Social Consumption Events focusing on Local Arts, Culture & Education. I want to highlight again how policy consideration would prepare our small businesses & local arts community to take full advantage of the emerging market of cannabis tourism.

Since the State Application requires written local approval before issuing a Temporary Event License, consider a "Cannabis & Social Consumption Event" pilot program authorizing the City of San José Office of Cultural Affairs - Special Events a formal application and review process to evaluate requests for approval and confirm that local rules are followed before the issuance of any written authorization.

Working under the Department of Cannabis Control - Cannabis Event Regulations, VaporTent Lounges will collaborate with the Office of Cultural Affairs to design & curate an Adult Only, 21+ State-Licensed Designated Sales & Consumption area into the overall venue premises such as a closed street, parking lot, or patio or park. Think "*Al Fresco*" dining meets Cannabis + State Regulations.

VaporTent Lounges is in our 10th year of operation and our 6th year of being licensed by the State. I'm happy to continue developing Social Consumption policies for other cities in California. As a small business, we will embrace every opportunity that presents itself. However, the spark that created the idea was to execute our vision here, in our home of San Jose, CA, The Capital of Silicon Valley.

All that said, even if we decide not to move forward with any social consumption policy consideration, it's important to highlight we will only be encouraging the illicit cannabis event market, as multiple unlicensed & unregulated pop-up events are already being produced in our city.

With our resume and experience in this space... If not us now, then who and when?

For a detailed online version of our proposal, including slide references, please visit <https://vapor tent.xtensio.com/SanJose2023>.

Sincerely,

Fernando E. Alvarez

