

**From:** [Agendadesk](#)  
**To:** [Jones, Michael \(CMO\)](#); [Reid, Tara](#)  
**Subject:** Fw: San Jose Cannabis Ordinance  
**Date:** Monday, June 28, 2021 8:55:01 AM

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**From:** City Clerk <[city.clerk@sanjoseca.gov](mailto:city.clerk@sanjoseca.gov)>  
**Sent:** Monday, June 28, 2021 7:37 AM  
**To:** Agendadesk <[Agendadesk@sanjoseca.gov](mailto:Agendadesk@sanjoseca.gov)>  
**Subject:** Fw: San Jose Cannabis Ordinance

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**From:** Dennis O'Malley <[REDACTED]>  
**Sent:** Sunday, June 27, 2021 10:40 PM  
**To:** City Clerk <[city.clerk@sanjoseca.gov](mailto:city.clerk@sanjoseca.gov)>  
**Subject:** San Jose Cannabis Ordinance

[External Email]

I am reaching out to you in my capacity as CEO of Caliva and wanted to share my perspective on the changes the City is considering making to its cannabis ordinance in advance of Monday's Community and Economic Development Meeting.

We are very encouraged that the City is considering allowing the 16 existing cannabis retailers to relocate to retail zones in San Jose. We are proud to have been a part of the District 7 community for the past 6 years and to have helped contribute to its local economy. However, we feel that cannabis retail should not be confined to the City's industrial zones and that as a retail use, cannabis should be allowed in the same zones as other retail businesses.

We also believe that expanding the zoning for cannabis retail has the potential to significantly improve San Jose's cannabis market by attracting customers that are accustomed to shopping in these areas. This would help boost San Jose's tax receipts at a time when the City's budget is still recovering from the severe impacts of the coronavirus pandemic. As you are likely aware, other cities in the Bay Area such as Redwood City and Union City are now allowing cannabis retailers to operate in normal retail zones. The expanded zoning that the City is considering would help ensure that San Jose remains a leader in California's cannabis economy. The foot traffic that cannabis retailers would draw to neighboring retailers in these zones, many of whom are struggling right now, would be an added benefit.

However, if the expanded zoning is to be impactful, we feel it is important that the City revise its "sensitive use" restrictions to align with those of the state. Currently, cannabis retailers are prohibited within 1000 feet of preschools, K-12 schools, child daycare centers, community centers, libraries, and parks; within 500 feet of substance abuse rehabilitation centers; and within 150 feet of residential uses, adult daycare centers, and religious assemblies. These restrictions, which

significantly exceed the sensitive use restrictions imposed by the state, would severely limit the number of properties that are eligible for cannabis retail, even under expanded zoning. We feel that aligning with the state's 600-foot sensitive use requirements is the best way to ensure that the expanded zoning has its desired impact.

Finally, we know that the City is considering issuing "second licenses" to the existing 16 cannabis retailers. We are very supportive of this proposal, as we now have many more options to expand across CA, but would prefer to continue to expand into our own community, where we have created hundreds of jobs over the past (5) years. We know and serve our local market well. We also respect that the City prefers to deal with the operators it already knows and trusts to run professional, compliant cannabis businesses. If the City chooses to issue additional licenses, we think it is critical that the second license not be transferable for at least 3-5 years, which will prevent licenses from being "flipped" to outside operators unknown to the City that will likely look to purchase licenses from existing license holders. As part of this discussion, we understand the City is considering offering new retail licenses to social equity applicants. Though the details of this proposal are still being developed, this is something we'd be supportive of given the need to help ensure greater equity and diversity in California's cannabis industry. We recently created a \$10 million Social Equity Venture Fund, which will go towards supporting cannabis businesses started by people of color and others negatively impacted by the War on Drugs, and we'd love the opportunity to help support equity operators in our hometown.

We would welcome the opportunity to provide further input in the coming months as the City considers these changes. Please do not hesitate to reach out if there is any way we can be of assistance.

Thank you,  
Dennis O'Malley

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