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City Council
City of San Luis Obispo
990 Palm St.
San Luis Obispo, CA 93401

Subject: Adult Use Cannabis Regulations

Dear Mayor and City Council Members,

On behalf of the San Luis Obispo Chamber of Commerce, thank you for the opportunity to provide input on the policy formation for the City's cannabis regulations.

Last fall, our Chamber convened a subcommittee to study options for the regulation of cannabis businesses in the city. Understanding that local cannabis regulations and how they will intersect with state and federal laws is highly complex, these volunteers from our Legislative Action Committee were tasked with researching established regulations, or policies under consideration, in other jurisdictions in order to bring forward informed recommendations on issues such as licensing, location, size, number of operations and taxation.

In addition, subcommittee members had numerous conversations with city officials, chamber executives and business owners in the cities of Bend, OR, Telluride, CO, Los Gatos, Monterey, Seaside and Santa Barbara to learn about their approach and experiences. Subcommittee members met with local city officials, attended public forums on cannabis, reviewed the Open City Hall poll results gathered from the community and studied the city's white paper which consisted of case studies of practices in Denver, CO, Portland, OR, and Seattle, WA.

After careful review by our subcommittee and our Board of Directors, our recommendation is that the City of San Luis Obispo take a measured approach to this new industry in order to take into account any unanticipated impacts and respond and adapt accordingly. We support enough

flexibility in the regulations that would allow opportunity for growth and competition in the industry but appropriately phased in to allow adequate response to neighborhood impacts, community concerns and the needs of businesses and their customers. In order to strike the right balance for the industry and the community we recommend a periodic review by the city on any adopted regulations to allow for necessary modifications.

To accomplish this we recommend the following:

- **Allow no more than five adult-use retail businesses citywide** - A conservative approach to the number of cannabis retail businesses is important as it will allow the city to better understand the impacts the industry has in our community and how to integrate it thoughtfully into our community. We do not want to see a limit on the number of business so low as to eliminate competition as a competitive environment within business allows for better products and services.
- **A rigorous application and screening process for licenses** - Because we recommend a limit on the number of businesses licensed we would like to see a merit-based system that has high standards for business operation, allowing the best of the best to ultimately be rewarded with doing business in the community.
- **Strict performance and operating standards for cannabis businesses, including an annual review** - In order to protect the community against unintended consequences we urge strict performance and operating standards that consider public health and safety of community residents and visitors.
- **Separate limitations on square footage for manufacturing and indoor cultivation** - We do not support a one size fits all approach to square foot limitations. Indoor cultivation and manufacturing are different activates and should be regulated differently.
- **Minimal additional taxation on top of the state-mandated 15% and our 7.75% local sales tax**- The industry is already heavily taxed by the state and we do want to unfairly burden the industry.

Thank you for the opportunity to weigh in and please don't hesitate to contact me directly if you have any questions.

Sincerely,



Charlene Rosales
Director of Governmental Affairs