

## **Report of the Sea Bright Cannabis Committee October 2022**

**Overview:** Recreational use of Cannabis was legalized in New Jersey in February 2021. With that, municipalities were placed in the position to determine if they would permit cannabis businesses to be established within their town. Per the Cannabis Regulatory Commission (CRC), towns could elect to approve or prohibit such businesses. If it was approved, it would be for a minimum 5-year period. If they elected to prohibit such businesses, that ruling could be revisited on an annual basis. If the municipality took no action, it would automatically be approved.

The Sea Bright governing body elected to prohibit Cannabis businesses by the CRC imposed deadline in 2021, mainly on the basis of lack of clear State regulations and also due to the immaturity of these businesses and unknown potential impacts on communities. By majority vote, Sea Bright Ordinance 11-2021 prohibited all classes of Cannabis businesses within the town.

Roughly one year later, in July of 2022, the Mayor and Governing Body agreed to establish a special committee to revisit the concept of permitting Cannabis businesses within Sea Bright. The only class business intended to be considered were Class 5 Licenses which covers Recreational Dispensaries which could also include delivery capability. The following covers the formation of the Committee, the approach used to assess the various aspects of Cannabis businesses in town, and the findings of the committee.

**Committee formation:** After listening to council discussions at various Sea Bright Council Meetings and Workshops, Mayor Brian Kelly decided to establish a special Committee on Cannabis. Mayor Kelly asked Council Members Kevin Birdsall, Erwin Bieber, and Jeff Booker to participate in the Committee with Jeff Booker acting as Committee Chair. Not long after that, it was identified that Council Member Booker had some existing relationships with Cannabis businesses. While there was no specific conflict of interest identified, it was felt that to avoid any appearance of conflict, that the Chair would step down and recuse himself from any Council related voting on Cannabis issues. The Chair would be replaced by Council Member Bieber and Council Member John Lamia would be added to the Committee.

The Committee met three times to establish a framework and recommended approach to their assessment and developed a plan which was reviewed with the Governing Body in public sessions. The approach was accepted, and the Committee initiated its engagement with a variety of stakeholders. It was again agreed that the Committee would only focus on Class 5 License businesses, which addresses Recreational Dispensaries and that other Classes which include Cultivation, Manufacture, Wholesale, Distributor, and Delivery would not be considered.

The Committee evaluated the potential areas to assess both the positive and negative impacts that a Recreational Cannabis business could have within the town. The Committee then developed a set of engagement sessions in which it could get the necessary perspectives and inputs to help present a comprehensive assessment to the Mayor and Council. Five areas of engagement were prioritized and a format for each set of engagements was established as follows:

1. **Sea Bright Resident and Public Engagement.** To provide ample opportunity to hear inputs from the public community, two meetings held in a town hall format were conducted on September 7<sup>th</sup> and 8<sup>th</sup>. Public notice of these meetings was provided on the Asbury Park Press and other local newspapers, the Sea Bright official website, social media, and electronic signage.
2. **Sea Bright Town Business Engagement.** The businesses within Sea Bright are a key element of the community. A meeting was specifically held on September 14<sup>th</sup> to assess their views and this meeting was also open to the public. In this case, notification was provided through the means used for the public session plus email invitations were provided directly to our businesses.
3. **First Responder Engagement.** Our first responders, specifically the Police and EMS, play an important role in the operation and safety of the town. Invitations were provided to both the Chief of Police and the EMS. The meeting was held September 15<sup>th</sup>.
4. **Neighboring towns that have operational Recreational Dispensaries.** The Committee felt it would be beneficial to understand the experiences and lessons learned from neighboring towns regarding their journey on approval, establishment, and operation of a dispensary. That meeting was held on September 16<sup>th</sup>.
5. **Meetings with Cannabis businesses interested in establishing a dispensary in town.** The committee sought to understand how potential businesses would operate, what experience they have, how they are financed, where they would place the dispensary, what revenue they would project, along with several other issues. In total, four businesses came forward and requested meetings with the Committee but ultimately only 3 of those businesses appeared for meetings with the Committee. Those meetings took place on September 28<sup>th</sup> and 29<sup>th</sup>. A common set of advance questions were provided to each of the businesses to allow comparison and integration of their inputs. As would be expected, individual business specifics have been kept private to maintain confidentiality of competition sensitive information and overall integrity of the process.

**Results from each of the five engagement sessions:** The Committee sought to make every effort to encourage participation for each of the planned engagement areas. The Committee made all efforts to present a neutral view and shared no Committee or Governing Body sentiments on Cannabis. Overall, we had an excellent turnout and participation, especially considering the low level of participation that typically occurs within Council Workshops and Council meetings.

**Sea Bright Resident and Public Engagement.** During the two meetings for residents and public, we had both in person and on-line attendance. The objective of these meetings was to listen and learn and as such, no specific questions were asked by the Committee. In total, over 80 people attended the meetings of which 38 people took the opportunity to express their view on a potential dispensary in town. A list of those that spoke, and their view is contained in attachment A. The view was overwhelmingly against permitting a Cannabis dispensary. Of the 38 that spoke 36 were against and 2 were in favor. There were very consistent themes in the objections made by the public, the primary of which included:

- Lack of an acceptable location in town where a dispensary could be accommodated
- It's potential impact on parking, traffic, lines of customers, and closeness to residences
- Attracting an element to the town not consistent with our desires
- Increased odor in public places due to expanded cannabis availability and use
- Expressed view that Cannabis consumption leads to other drug use
- Any potential revenue generated would be more than offset by increased town costs
- Concern that it will change the family atmosphere and will move us backward

There were two members of the public who were in favor of permitting a dispensary in town and cited the following reasons:

- Most of Sea Bright residents voted in favor of legalization of Cannabis
- People have to join the times and dispel the stigma that Cannabis is illegal
- Cannabis will be in town either way and we should benefit from potential tax revenue

In addition to in-person participation, the Committee provided an email address to allow those that could not attend to provide their sentiment. In total, 25 emails were received, and all (100%) were against permitting a dispensary in town. Email inputs are included as Attachment B.

Lastly, we were made of aware of a petition being circulated by a resident to request the Governing Body to prohibit a dispensary. Since the existing Ordinance already prohibits a dispensary and the petition not being developed using official guidelines, the petition was not viewed as valid and was not reviewed or included in this effort.

**The overall assessment from the public engagement was that the vast majority, 95% of the public in attendance and 100% via email, were strongly against the Governing Body reversing the decision of prohibiting Cannabis sale in town.**

**Sea Bright Town Business Engagement.** The Committee reserved one evening to meet with town businesses. As was previously stated, every effort was made to encourage participation

through multiple means of invitation. Once again, this was intended to be a listen and learn session. In total, 37 people representing businesses and the general public attended this session. While we could not tell for certain from the public business owner comment or the sign-in sheet, it is estimated that 8 business owners were in attendance. From that, 5 made public comments during the session. Businesses that spoke and the position are included in Attachment C. All of those who spoke were opposed to permitting a dispensary in town. Their primary objections included:

Concern about availability of parking and resulting impact on other businesses

Concern over negative change of the culture and feel of the town

**The overall assessment from the business engagement session was that they were strongly against the Governing Body reversing the decision of prohibiting Cannabis sale in town.**

**First Responder Engagement.** The Committee felt that engagement with our First Responders could shed light on their perspective regarding potentially permitting recreational Cannabis in town. We requested meetings with the Chiefs of Police and EMS and only the meeting with the Police Chief could be arranged due to EMS Chief availability. We provided a series of questions in advance and those questions and Police response are provided below.

**Q.** What are your overall perspectives of the potential addition of a dispensary in town?

**A.** Sea Bright is not geographically built for it. There is no favorable location. The volume of people in an already crowded town will be challenging. State regulations from the Attorney General makes complaint response for the Police extremely difficult.

**Q.** If a dispensary is permitted, do you expect to require any additional resources?

**A.** Since it will be an active location with potential issues, it will require added patrols which will impact Police ability to cover other areas. Force size is already challenged so we may need to add officers if issues arise.

**Q.** Are you aware of any issues in towns that have already established dispensaries?

**A.** Not hearing any major issues in Chief discussions. Towns are taking a hands-off approach on Cannabis related complaints.

**Q.** Are you currently experiencing any significant issues due to cannabis use in town?

**A.** The Police are receiving complaints of odor, including public areas like the beach. Again, due to the AG rules, our Police force is taking a hands-off approach. Officers can have civil charges filed against them per the new State AG guidelines.

Q. If a decision is made to permit a dispensary in town, is there anything you would request be in the new ordinance?

A. Not necessarily in the ordinance but will likely be requesting additional staff hiring.

Q. Is there anything else you would like to share with the Committee?

A. Overall, the Police have a good pulse of the town and the general perspective the Police are hearing is "our residents want it dead". It is likely that we will see more public consumption in town if a dispensary is permitted to open, meaning more complaints.

Q. Are you aware of any regulation changes coming that could impact your ability to Police cannabis related issues?

A. The chief was not aware of any pending changes.

We were not able to arrange a time with the EMS chief, but it is expected that the EMS service will be less impacted than the police department.

**The overall view of the Police Chief is that there is no good location in town for a dispensary, the residents are strongly against it, additional police staff will likely be required, and their ability to police impacts of Cannabis will be extremely difficult.**

**Neighboring towns that have operational Recreational Dispensaries.** In an effort to learn from the experiences of neighboring towns that have permitted Cannabis dispensaries, we reached out to the Governing Bodies and Business Administrators of both Eatontown and Neptune. Eatontown did not respond, and our request was not accepted. The Committee subsequently learned that this may have been due to ongoing legal battles on the issue in Eatontown. Neptune did respond and hosted an excellent meeting which included Neptune Cannabis Committee members, Neptune Administration staff, and the Neptune CFO (Mike Bascom) along with our full Committee. They were extremely well prepared and were forthcoming in sharing their journey and experiences to date. At the time of the meeting, Zen Leaf, their only recreational dispensary had only been in operation for 2 months.

We provided a series of questions in advance but prior to getting to them, they requested to set the overall context of how they got to a recreational dispensary in Neptune. They stated that the town overwhelmingly voted in favor of recreational Cannabis legalization in the general election. So, the first thing they asked themselves was "Is there a location in town that would be the required distances 1000 Foot distance away from schools and daycare facilities". As such, they drew circles around those locations which covered much of the town. They also sought to keep Dispensaries away from residential areas, and select areas which could accommodate the volume of business?" They felt there could be, but there would be limited areas. Since Zen Leaf had previously been dispensing Medical Cannabis, they felt that was a

viable location for expansion to recreational sale. Beyond that, they felt that town constraints would only ultimately allow an additional dispensary or two.

With this view, they began to advance an ordinance permitting various Cannabis licenses including those beyond just a recreational dispensary. No added business types have been reviewed and approved to date. A copy of the applicable Neptune Ordinances was provided for our reference and is included as Attachment D.

The Governing Body elected to have the ultimate decision sit with the Council versus going to a voter referendum. They did not hold any public town hall meetings specifically on the subject of Cannabis licenses but did get several inquiries from residents confirming that the Ordinance would not permit a dispensary near a residential area, which they in fact confirmed.

The following questions and answers were discussed with the Neptune Leadership Team:

**Q.** What was the process used to decide on recreational Cannabis being permitted in town?

**A.** It was a Governing Body decision and considered the majority vote in favor of NJ legalization and their ability to find an acceptable location.

**Q.** How long has Zen Leaf been selling recreational cannabis and are there plans for other businesses?

**A.** Zen Leaf has been in business only 2 months for recreational Cannabis. Other Class 5 businesses will be considered as well as other Class businesses. None are active at this time.

**Q.** Has the town imposed the 2% municipal Tax, did you use a revenue projection in your decision, and how have collections gone?

**A.** Yes, Neptune is imposing the 2% tax and has not collected any revenue from Zen Leaf due to the short time of operation. Neptune stated they did not develop a revenue projection before adopting the ordinance. They are expecting their first tax payment in October and are being told it will be on the order of \$100K-\$150K per month. The CFO commented that he will believe it when he sees it but was optimistic it will be significant.

**Q.** Are you experiencing any problems with the dispensary that you or the Police needed to address?

**A.** No, Not really. Several of the Neptune Police provide security when not on duty.

**Q.** Was the location and zoning of the existing or future facilities specifically selected to be separated from certain areas?

**A.** Yes, Neptune used specific guidelines on location and proximity to schools and day care facilities. We followed up with, if you are familiar with Sea Bright's layout, would you have approved a dispensary anywhere in an area like our town? The answer was No, they would not have.

**Q.** If Neptune had the chance to retrace their steps and do anything differently and offer suggestions to Sea Bright, would you do anything different?

**A.** No, they appeared very comfortable with the process used but stated you need to be very careful on location.

**Overall, the insights provided by Neptune were very helpful. While they are very early in the process, they seemed satisfied how things have gone during the first 2 months of recreational Cannabis sale. They indicated they were not experiencing negative impacts so far. They don't know what the actual revenue generation will be but will let us know when they get their first tax payment which they are expecting in November. They were clear that location is important and if they did not have an acceptable location, they would not have approved recreational sale.**

Related to this, after the meeting with the Neptune Team, Council Members Lamia and Bieber visited the location of the Zen Leaf dispensary at the intersection of Rt 66 and Neptune Blvd. No significant issues were observed, no lines existed outside the building, and the business facility was in nice shape. The parking lot was huge and had the benefit of open spots from a Marshalls Department Store which is now closed. A large number of parked cars were observed directly around the dispensary. There is favorable transportation options with Rt 66, Rt 18, and Rt 35 close by in addition to public transportation

**Meetings with Cannabis businesses interested in establishing a dispensary in town.** A key element of the Committee's work was understanding how a Recreational Cannabis business would envision operating in town, how they would address the concerns expressed by the residents, businesses, and Police and where they would propose to locate the business, and what they would envision as potential tax revenue for the town.

Leading up to these Committee meeting, a total of 4 companies asked to speak with us. They included the following:

- |                          |     |                 |
|--------------------------|-----|-----------------|
| 1. Sea Grass             | POC | Nick Frangipane |
| 2. Honorable Plant       | POC | Beth Stavola    |
| 3. May Jane's Last Dance | POC | Frank Cantone   |
| 4. Bare Aesthetics       | POC | Marta Siaba     |

The Committee met with the first two companies on September 28 and the third on September 29<sup>th</sup>. Bare Aesthetics was not able to make their scheduled meeting time and they stated they will stay in touch as things progress. Once again, common questions were provided in advance and the meetings were each scheduled for 1 hour. The Committee understands the sensitive nature of the information shared by the businesses from a competitive perspective and will not

share or include any individual businesses responses or comments. Instead, the responses were integrated and anonymized below to provide an overall combined perspective and where actual numbers are summarized, we combined the inputs and simply divided by 3.

**Q. What is the primary function of your business, and does it have experience is Cannabis Sale?**

**A. In all 3 cases, the business was an off-shoot of an existing business and had varying degrees of prior experience with Cannabis sale.**

**Q. Cannabis Business require significant financial backing to open and operate. Can you provide insight into your financial backing and what do you think will be required to open such a business?**

**A. All businesses seemed to have a clear understanding of the financial resources required to establish a recreational dispensary and appeared to have adequate backing. Additionally, the businesses felt overall the cost to establish and stock the dispensary was on the order of \$1.5M.**

**Q. Have you filed for and received a provisional license for sale of recreational Cannabis?**

**A. All businesses provide clear answers, but those answers will not be divulged for competitive reasons.**

**Q. Can you provide a high-level view of your business plan, and will it include medical and recreational sales?**

**A. The focus appeared to be on recreational and would include both delivery and in-person sales with delivery being their preferred method.**

**Q. If the Governing Body was to permit cannabis sale, how long do you estimate it would take to be operational after receiving final local and state approvals.**

**A. The view provided was that it would take on average, around 8 months.**

**Q. Do you have a particular location identified for the dispensary?**

**A. All businesses identified potential locations and they all resided in the downtown area.**

**Q. Can you explain how you will address issues of concern by the residents including:**

**Parking, Customer Lines, Risk of cash business, Security, Odor, and Traffic**

**A. All parties felt they could effectively manage each of these concerns in a way acceptable to the Governing Body and Residents**

**Q. What is the projected annual revenue of the business annually for year 1-3?**

**A. The average of the 3 inputs provided was: (\$7.8M in year 1), (\$10.8M in year 2), and (\$13.8M in year3).**



**Q.** Other than gaining Municipality approval, what do you see as the main challenges you will face as a business?

**A.** Other challenges included parking, community acceptance, and competitiveness. There was discussion about community outreach and education programs if that would be helpful.

The Committee greatly appreciated the meetings with the interested Cannabis businesses and the inputs we provided. It provided important insights into their business plans, experience, financial measures, proposed business locations, anticipated challenges, and ways they would mitigate community concerns. The Businesses were well prepared and forthcoming in responding to the Committees questions. They appeared confident in the Committee process being used and offered their willingness to provide any follow-up information if requested.

**Summary:**

**Overall, it is felt that the Committee was able to effectively conduct the evaluation efforts in accordance with the process proposed and accepted by the Governing Body. All public meetings were conducted with the required formal notification process and were well attended by the community. Non-public meetings were conducted as planned the results of which are being shared as part of this Committee report which in turn will be shared with the public. The Committee is confident that it has protected the confidentiality of information provided by interested Cannabis businesses and such information has only been shared in an anonymized and integrated way to protect inputs by any particular party.**

**The inputs received and assessed can be summarized as follows:**

**Resident and Public input:**

Overwhelmingly against the permission of Recreational Cannabis sale in Sea Bright with 97% (61 inputs) of the inputs received against and 3% (2 inputs) of the inputs received in favor. It must be recognized that this only represents a small portion of the overall town residents that participated in the meetings.

**Town Business Operator input:**

Overwhelmingly against with 100% (5 inputs) of the inputs provided being against permitting Recreational Cannabis sale in town which again is a small portion of the total business count.

**First Responder input:** Based solely on Police Department input, significant concern that the town cannot effectively accommodate a dispensary, it will lead to increased Cannabis complaints which will be hard to police and may result in the request for additional police staff.

**Neighboring Town input:** Based solely on the input from Neptune, it has been an overall good experience to date (2 months of operation), there have been no significant issues, facility placement is important, and they are anticipating healthy tax inflow from Cannabis sales.

**Interested Cannabis Business input:** Through meetings with 3 potential businesses, the Committee was able to get an excellent view of their business models, financial projections, proposed dispensary locations, and methods to mitigate major concerns of the community. The Committee does have confidence that if such mitigation strategies were implemented, it would help address a number of the communities concerns.

**The way forward:**

It is the view of the Committee that there are 3 potential paths forward which include:

1. Maintaining the existing Ordinance 11-2021 and prohibit all classes of Cannabis businesses within the town of Sea Bright. It is believed that such action to maintain the existing Ordinance could be agreed at a standard Public Council Meeting
2. The Governing Body develops a new Ordinance permitting Class 5 Cannabis sales in Sea Bright and puts it to a Council Vote. It is believed this path will require drafting of a new ordinance, notification of discussion in a Public Meeting, and formal Council vote requiring a majority for approval.
3. The Governing Body elects to put the question of allowing Recreational Cannabis Class 5 sales to a resident vote. It is believed that this path would require the Council drafting of a new potential Ordinance followed by passing a resolution to include appropriate wording in a General Election Referendum allowing the voters to decide on allowing a Recreational Dispensary in town or not.

# Attachment A

## CANNABIS COMMITTEE MEETING PUBLIC COMMENTS SEPTEMBER 7, 2022

<b>NAME</b>	<b>RESIDENT (YES or NO)</b>	<b>IN FAVOR (YES or NO)</b>
Joe DePaula	45 Village Rd	NO
Nicholas Ross	6 Peninsula Ave	NO
Pam Ross	6 Peninsula Ave	NO
Eoin Duane	10 Church St	NO
John Taguer	25 Center St	NO
Gail DeWitt	8 Church St	NO
Lauren Kelly	15 Beach St	NO
Kim Ruane	5 E. New St	NO
Gail Nachbaur	10 Village Rd	NO
Donna Ruane	5 E. New St	NO
Kathleen O'Connor	932 Ocean Ave	NO
Becky Duane	10 Church St	NO
Ira Schussheim	730 Ocean Ave	NO
Jorge Knudson	1 Church St	NO
Erik White	10 Surf St	NO
Jacob Morris	Islandview	YES
Mike Ross	6 Peninsula Ave	NO
Brad O'Connor	932 Ocean Ave	NO
Chris Jerry	15 Church St	NO
Carol Benson	9 Village Rd	NO
Gary Foltz	934 Ocean Ave	NO
Danny Heller	31 Center St	NO
Cheryl Knudson	1 Church St	NO
George Finnegan	10 Beach St	NO

