March 26th, 2018 Minutes

Finance Committee Meeting

**Present:** Patricia-Lee Achorn, Anja Bernier, William Brack, Arnold Cohen, Gordon Gladstone, Charles Goodman, Alexander Korin, Daniel Lewenberg, Ira Miller, Edward Philips and Hanna Switleskowski.

1. **Community Preservation Committee Annual Funding and Projects – Corey Snow (to be confirmed)**

Corey Snow, Chairman of the Community Preservation Committee presented their annual funding and projects.

* Total balance is $2.5 million with $1.5 million undesignated, $500,000 for open spaces, $700,000 for historic preservation and $300,0000 for community housing.
* A collection of $530,000 is gathered annually from the town with a 1% tax base.
* $60,000 is expected for the state’s contribution.

Three projects are in their regular operating budget this year.

* Second phase of the playground
* Memorial Beach
* Town Hall Archive

**MOTION:** by William Brack to approve the Community Preservation Act Annual Funding and Projects **SECONDED:** by Hanna Switlekowski **VOTED:** 11-0-0.

1. **Trash and Recycling Fund – Fred Turkington**

Fred Turkington, Town Administrator presented the changes to the Trash and Recycling Fund.

* As of July 1st, the town will be handling the fees and paying directly.
* There is an increase in the spending limit which reflects the whole amount of the solid waste program.
* The town will take over the billing; which allows the ability to better audit users and make sure bills are paid correctly.

**MOTION:** by Arnold Cohen to approve the changes to the trash and recycling fund **SECONDED:** by William Brack **VOTED:** 10-0-1. Alexander Korin abstained.

1. **Update on Marijuana Community Meetings and Revenue Data- Fred Turkington and Anja Bernier**

Anja Bernier, member of the Finance Committee presented an update to the recreational marijuana planning process.

* MA Revenue Commissioner C. Harding estimates total marijuana tax income to state (17% of revenues) in fiscal 2019 to be between $44 to $82 million.
* Despite Colorado’s recreational marijuana shops opening on January 1st, 2014 both last year marijuana uses and last month use of 12-17 year olds have gone down.
* Usage by adults increased over-proportionately for the past year use and increase proportionally for last month use.
* Within 25 miles many municipalities did not vote in favor of legalization.
* A store based in Sharon is likely to have limited competition for customers from other stores.
* Based on Colorado’s data, the total revenue from users within 25 miles is $598,959,144.
* The recreational sales within 25 miles will go from $197,298,665 in year one to $709,964,528 in year four.
* Projected sales at Four Daughters at the Sharon store is 56,000 ounces or $25.2 million annually.
* With $25.2 million in sales, Sharon would receive $756,000 a year in sales tax (General Fund) and another $756,000 in Community Impact Fees (will pay for mitigation activities).
* According to 4 Daughters, Sharon would receive an additional $420,00 a year from its wholesale growing.
* Payments to the town of Sharon will likely decline with time as retail prices for marijuana will most likely fall and more dispensaries open up.

Question raised by the Gordon Gladstone of the Finance Committee:

When would a host agreement be signed?

* The Board of Selectman plan to finalize the host agreement in the next couple of weeks.

1. **SharonCares, group advocating for limits on recreational marijuana, on the various marijuana articles –Connie Dai**

Connie Dai, representative for Sharon Cares presented the community perspective on the marijuana business.

* The wellness of Sharon’s residents, specifically adolescents is in jeopardy.
* The drug rampage can be better stopped through education and discussion.
* Social costs outweigh the revenues.
* Commercialization leads to normalization.
* There will be an increase in youth use through the black market.
* Potential increases on student’s violations on drug policy, suspension, dropouts and referral to law enforcement.
* Public safety and health will be effected.
* Increasing fatalities due to marijuana related impaired drivers.
* Increasing number of crimes, emergency room visits and homelessness.
* Undermined core values cannot be restored by taking drug money.
* Do we want to become a town built on an addiction to marijuana money?
* Marijuana is a schedule 1 drug alongside Heroin, meaning it is a high risk for exposure.
* The amount of youth using marijuana in Colorado has increased drastically since dispensaries have become available.
* The prevalence of marijuana usage in children ages 12-17 has substantially increased.
* Net revenue is insignificant.
* The approximate annual net revenue is $1 million, which is only 4.5 days of Sharon’s operating budget.
* Sharon Gallery’s net financial impact is estimated at $8.6 million and is much better for the community.
* Impact fees are not revenue to the town but rather used for mitigation fees.
* The town may need to make up for the shortfall of community impact fees.
* The sales projections shared in the January 22nd,2018 presentation were unrealistic.
* 37 companies in the areas have licenses, this will become large competition for Sharon.
* The first year of net revenue to the town is approximately $372,000 in deficit.
* Cannabis is a needy crop which requires high temperatures, strong light, fertile soil and large volumes of water.

There was a formal discussion regarding Sharon Cares’ presentation.

1. If adjacent towns will have recreational marijuana, why is it a big deal to sell it in Sharon?

* It will make the town tainted.

1. If we don’t have it in town we will not get the 3% but the police will still have to do trainings to detect marijuana usage in drivers.
2. The high school does not seem to be having a rampage right now, it is an ongoing issue.

* You may not see a negative impact now but as years go by it will take effect. The damage and harm to the society is long lasting.

1. The assumption is that this will be on route 1 in Sharon, therefore why would it be any different having it in Sharon vs. in a neighboring town?

* Connie has not done an analysis thus far but she can do so.

1. Where are the 37 licensed dispensaries located?

* Connie will send a listing of all the towns and their ban statuses.

1. Can you provide more information and factual data regarding crime?

* Connie will provide more comprehensive data to the Finance Committee regarding crimes where dispensaries are located.

1. How are marijuana and heroin in the same category?

* Marijuana is an understudied medication. The schedule 1 category is not based on the risks but the potential use factors.

1. **Four Daughters Compassionate Care, the medical marijuana licensee – Brian Striar and Stan Rosen**

Stan Rosen, Chief Operating Officer of Four Daughters Compassionate Care presented the business model and statistics regarding both medical and recreational marijuana.

* Their mission is to provide Massachusetts residents with educational services and products which will enable them to achieve the highest standard of comfort and well-being through the safe use of medical marijuana.
* 30 states voted to legalize medical marijuana.
* Recreational marijuana is bi-partisan with substantial support for cannabis legalization, at 63%.
* Massachusetts tax implications include: 6.25% in state sales tax, 10.75% for excise taxes, 20% total tax to local consumers and 3% of local excise tax if voted.
* Medical marijuana has no sales or excise tax.
* Recent town projects including high school, town hall, library and public safety complex will lead to an increase in the town’s budget and property tax, and this will help offset those costs.
* The agreement signed agrees to the Town of Sharon receiving the maximum 3% for community impact fees.
* Four Daughters can product 7,000 pounds of marijuana flower annually or 112,000 ounces.
* Half will be sold in Sharon and half in Plymouth at their other facility.
* Sharon will gain $756,000 in the general fund and $756,000 in community impact fees.
* Total projected revenue is $1,932,000.
* Even if estimates are over by 50%, the revenue to the town would still make $1 million.
* Their facility will have signs, restricted areas, alarms, video cameras and have commercial grade equipment, all for safety.
* The impact fees will pay for requests made by the police department including five officers equipped with special drug recognition training, another substance abuse officer, brochures and mailings, an ID checker machine and a police detail for the first three months.
* Packaging will be unbreachable by children and needs to not include bright colors or cartoons as well as labels stating to keep out of the reach of children due to regulations.
* Over time the legal market will become much stronger and the black market will decrease.

There was a formal discussion regarding Four Daughters Compassionate Care’s presentation.

1. What is your perception on economics and social issues raised by Sharon Cares?

* Stan does not have information currently but he will prepare a presentation and send it to the Finance Committee.

1. Why is the number on slide 30 eight times higher than the market in Colorado?

* There are over 800 licensees in Colorado and there were over 450 here, which is always increasing. They have an exponential number of more facilities in Colorado. Every state is unique to itself when it comes to data.

1. Where does the 3% sales tax go? Where does the $756,000 go?

* The 3% goes into the general fund and the $756,000 goes into special funding for specific abatement purposes related to marijuana.

1. **Discuss Planning Board comments following the public hearing on March 15 relative to zoning articles, especially marijuana articles.**

Lisa Wayland, Town Attorney presented the options residents will consider at Town Meeting.

Option 1: Zoning amendment to ban retail establishments

● Town Meeting 2/3 vote required

● Ballot vote (majority) to affirm town meeting vote

Open question: Will this be effective to prohibit conversion of existing RMD?

Whether this option passes or fails, town meeting should still consider and vote on Options 2 and 3, as Option 1 is contingent on the subsequent ballot vote. If the ballot vote fails, the TM vote under Option 1 will be void. Without any zoning regulation in effect, a ME can be located in any district.

\*NOTE: that ballot question must be identical to TM vote.

Option 2: Regulate MEs by special permit in the LI district

● Town meeting 2/3 vote required

● No ballot question required

\*Same special permit process as RMDs, adult entertainment.

Option 3: If Option 2 passes, the town can add a limitation to the number of retailers of 20% of package stores (or 1, in Sharon)

● Town Meeting 2/3 vote required

● Ballot vote also required

\*If passed, the converted RMD will count as Sharon’s 1 retailer; no further retailers will be allowed.

Option 4: Extend moratorium

● Town meeting 2/3 vote required

● No ballot vote required

Comments and concerns from the audience were addressed.

1. We are assuming Four Daughters Compassionate Care will always make a profit, but what if they don’t? Also, what if it takes a few years to do so?
2. How do Four Daughters Compassionate Care back up their numbers regarding $450.00 per ounce?

Answer: The numbers are based on the $350.00 figure foe medical marijuana plus the sales tax.

1. June of Field Road asked what are the costs associated with increase production? Do we have enough resources to cover the water and contamination they may have?

Answer: If they sell less marijuana, they will not need as much. The town can hold back the money they receive every year (impact fees) and then use as needed.

1. Lily Zo of 64 Lincoln Road requested that the Finance Committee include a range for the town’s revenue with the best and worst case scenarios for better understanding with town’s residents.
2. Jesse Gardner of 630 S Main Street is in favor of the ban. It is harmful to our kids and he requests that the Finance Committee meet with the Drug Resource Coalition and Schools

Answer: William Brack has done so as the Finance Committee’s liaison to the School Committee

1. Stan Rosen, of Four Daughters Compassionate Care asked why the town changed the current set back from 400 feet to 500 feet?

Answer: It is a cannabis state law.

1. **Vote all pending Articles (except marijuana) – Finance Committee**

Voting postponed for the April 2nd, 2018 meeting.

1. **Documents Distributed Since Last Meeting**
   1. **FY19 South East Regional expense**
   2. **FY19 South East Regional FY19 Budget Hearing**
   3. **School Revolving Fund fringe benefits**
   4. **Executive Salary Survey**
   5. **Revised Article 4 with actual salaries**
   6. **Trash and Recycling Fund working budget**
   7. **Revised Article List**

Discussion postponed for the April 2nd, 2018 meeting.

1. **Vote Minutes**

Voting postponed for the April 2nd, 2018 meeting.

1. **Adjournment**

**MOTION:** by Arnold Cohen to adjourn **SECONDED:** by William Brack **VOTED:** 11-0-0.

The meeting was adjourned at 11:45 pm.