

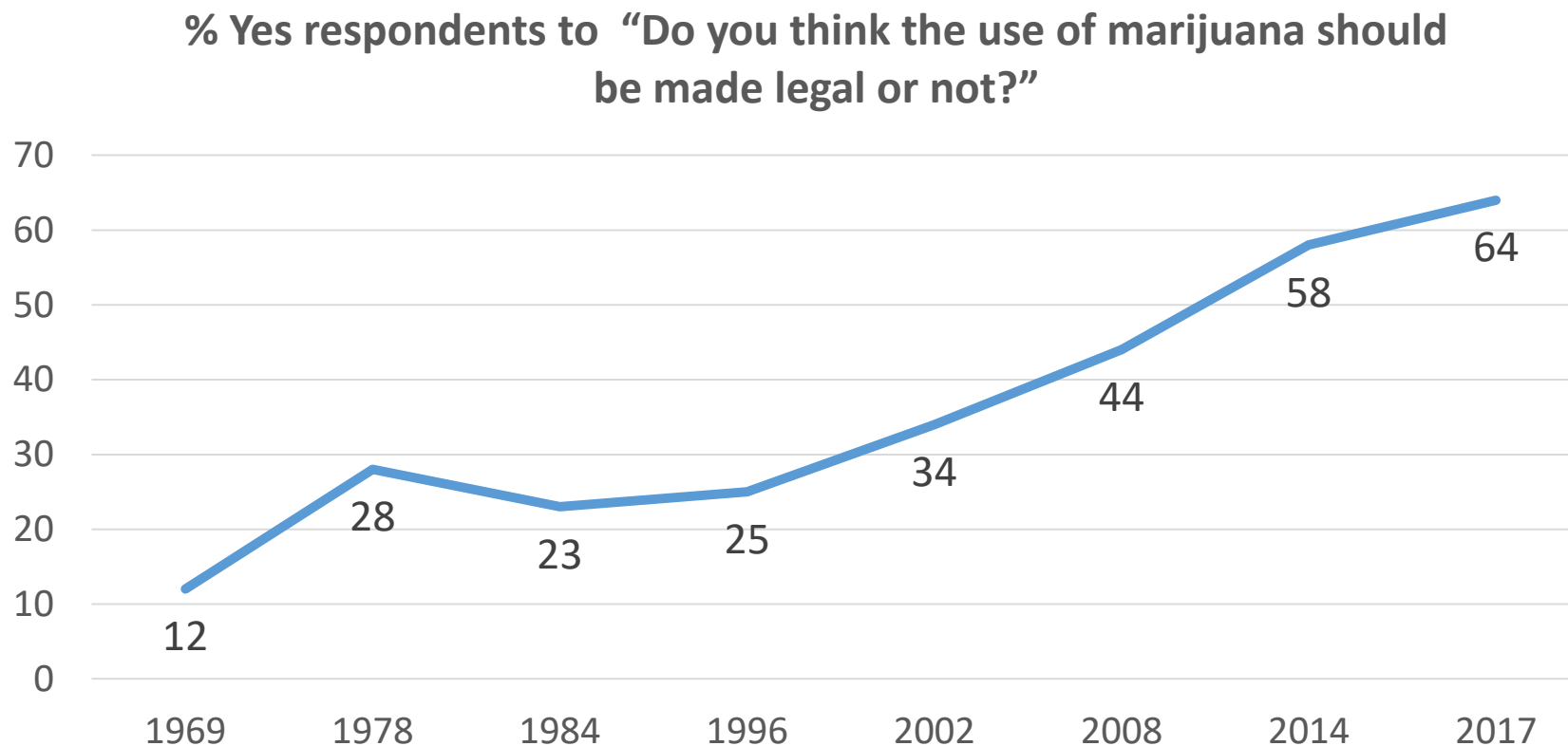
Recreational Marijuana Planning Process

Status Update by Anja Bernier and Fred Turkington

Finance Committee Meeting January 22, 2018

Cannabis Legalization Overview:

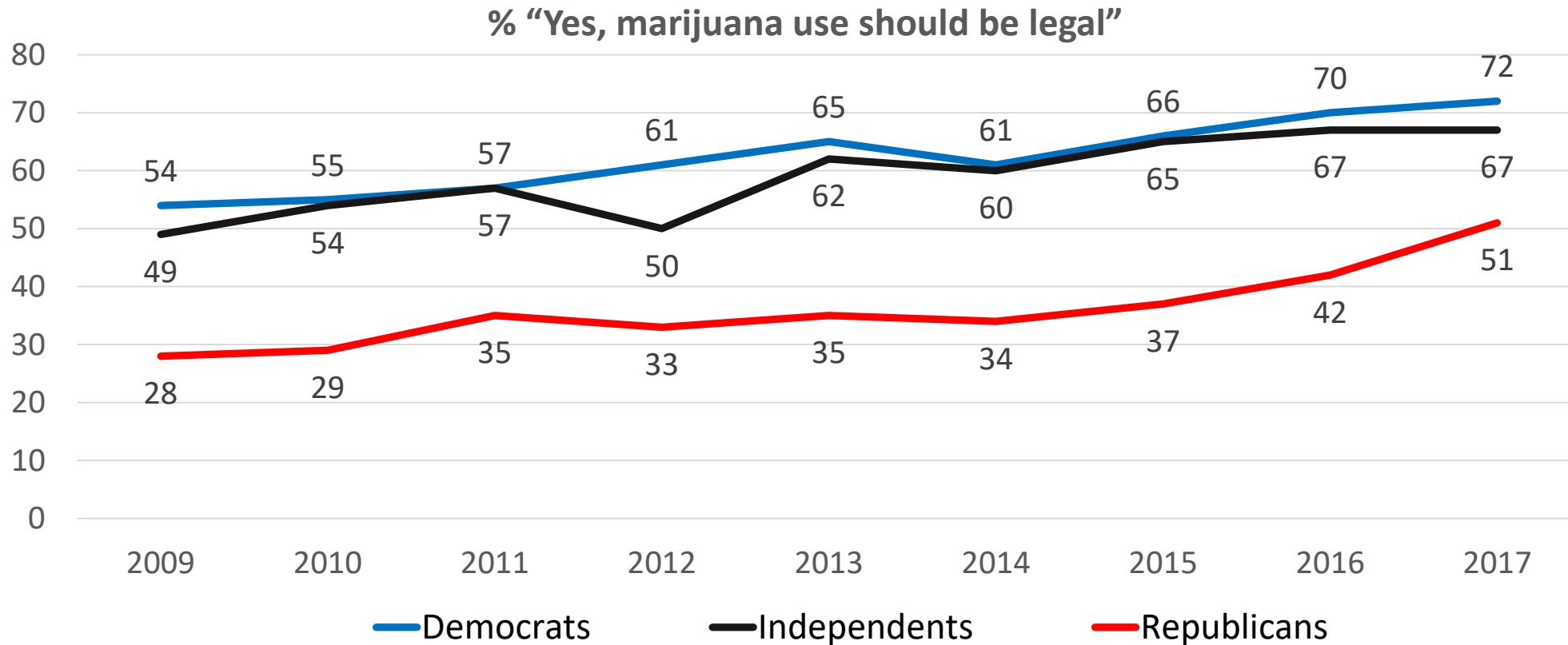
Almost 2/3 of all Americans now support legalization of marijuana
Trajectory of support is similar to views on same-sex marriage (both went from about 25% support in late 1990s to today 64%)



Source: 2017 Gallup Poll, conducted October 5-11, 2017 with random sample of 1,028 adults, aged 18 and older, living in all 50 U.S. States and D.C.

Cannabis Legalization Overview:

Support for Marijuana Legalization is bipartisan

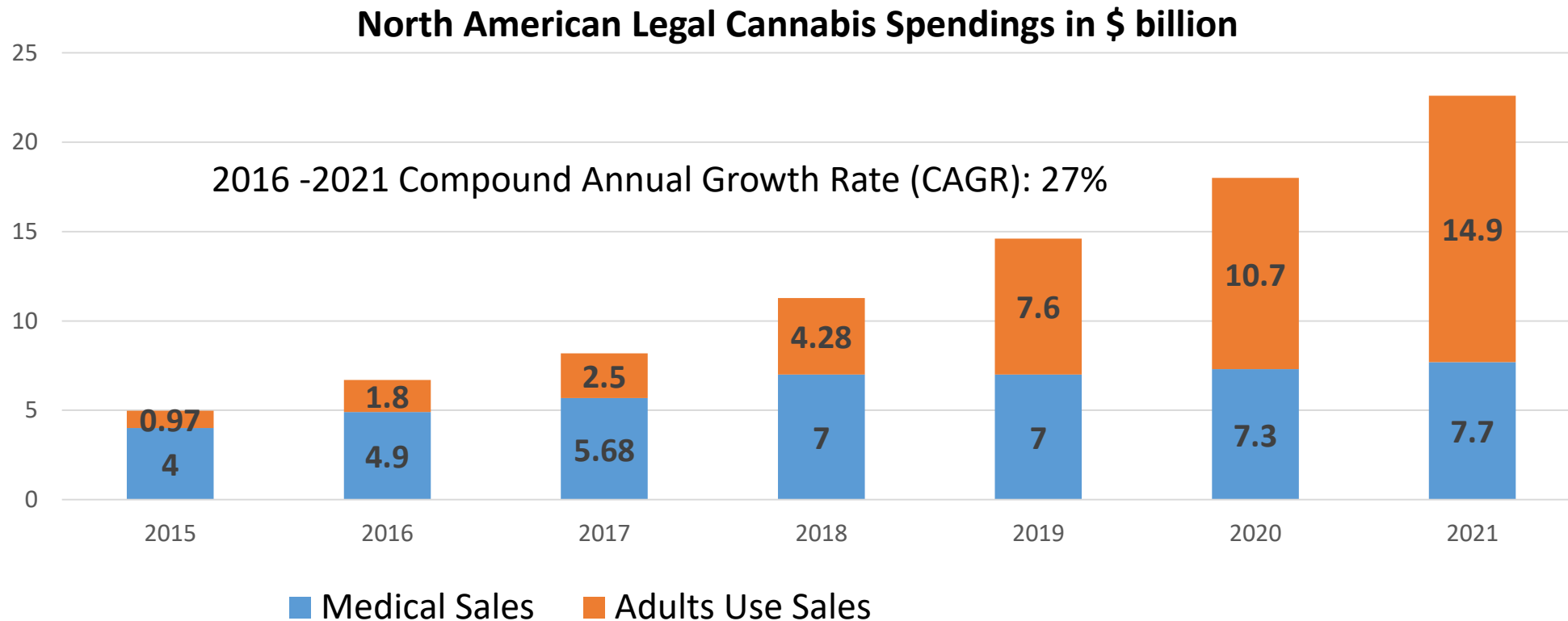


Source: 2017 Gallup Poll, conducted October 5-11, 2017 with random sample of 1,028 adults, aged 18 and older, living in all 50 U.S. States and D.C.

Cannabis Market size:

Legal Cannabis is the fastest growing industry in the USA (Computer Systems Design is # 2 at 18% growth)

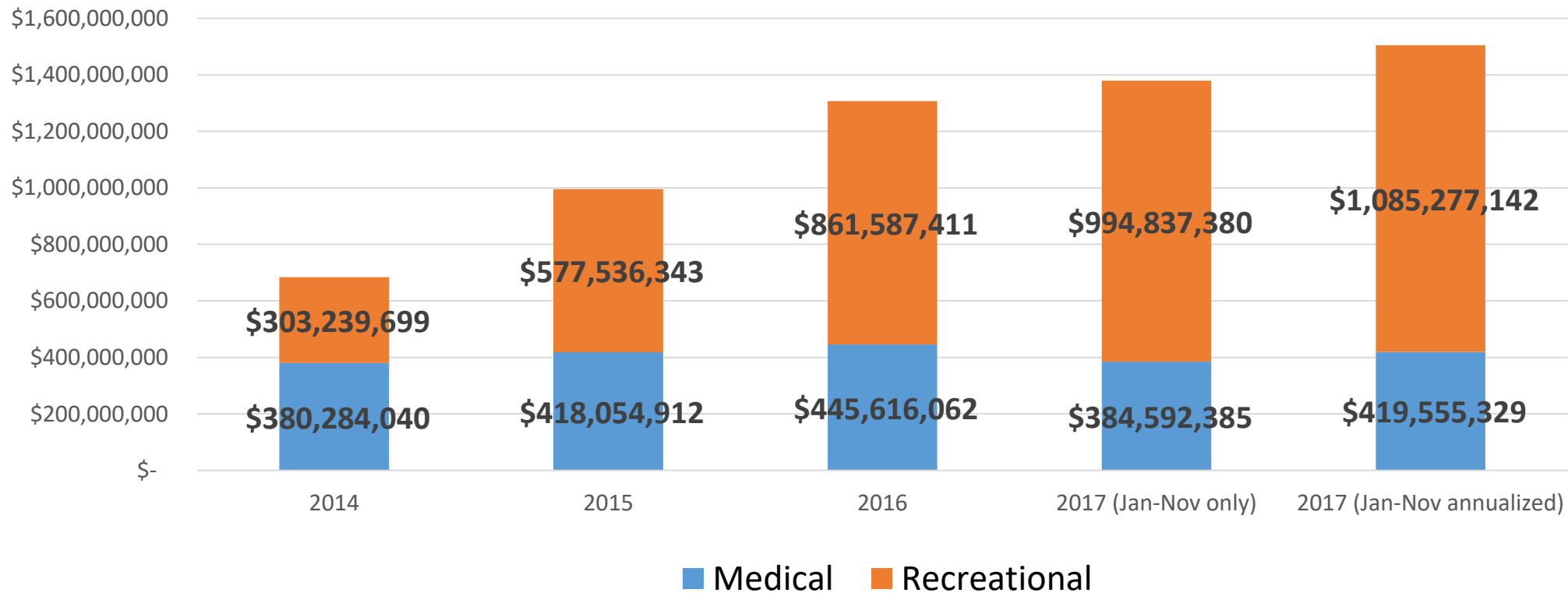
In 2015-2016, public & private cannabis companies raised a combined \$2 billion in capital



Source: “The State of Legal Marijuana Markets, 5th Edition” published by ARCVIEW Market Research

Cannabis Market size:

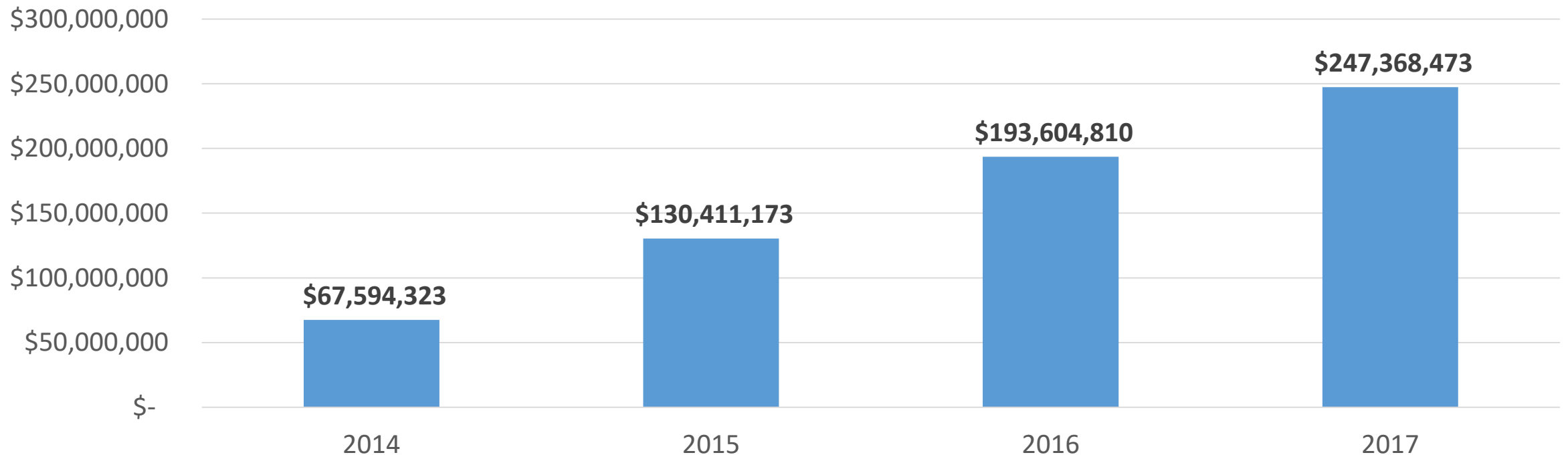
Legal Cannabis Sales in the State of Colorado (recreational marijuana started being sold in 2014)



Source: Colorado Department of Revenue

Cannabis Market size:

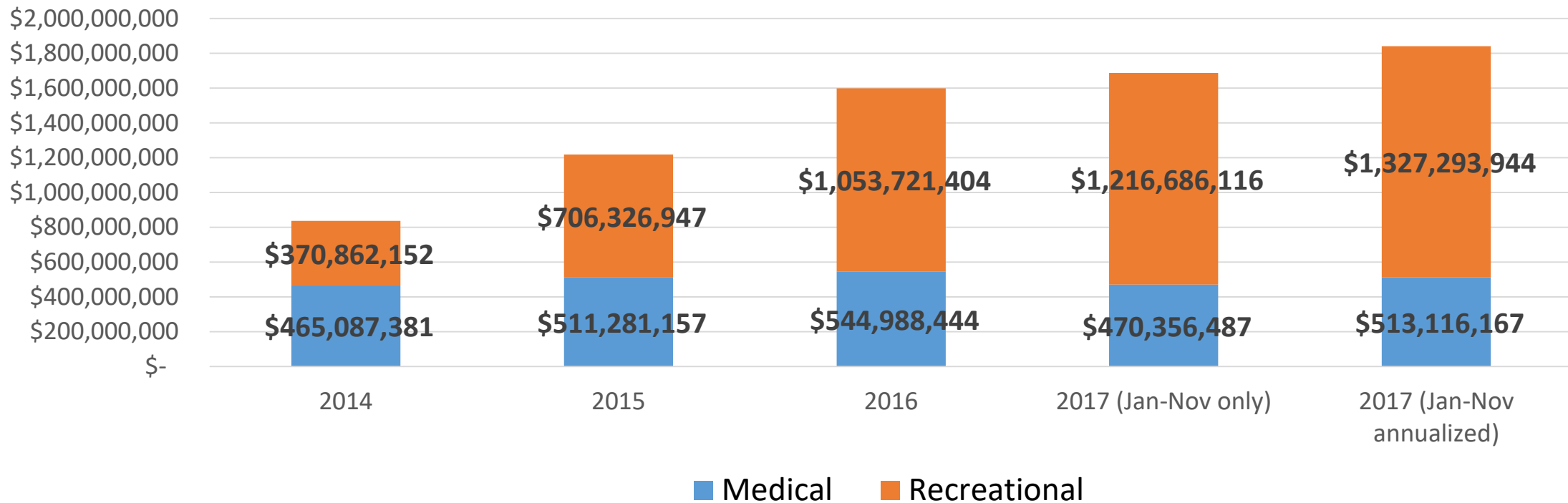
State of Colorado Tax and Fee Collections from Marijuana



Source: Colorado Department of Revenue

Cannabis Market size:

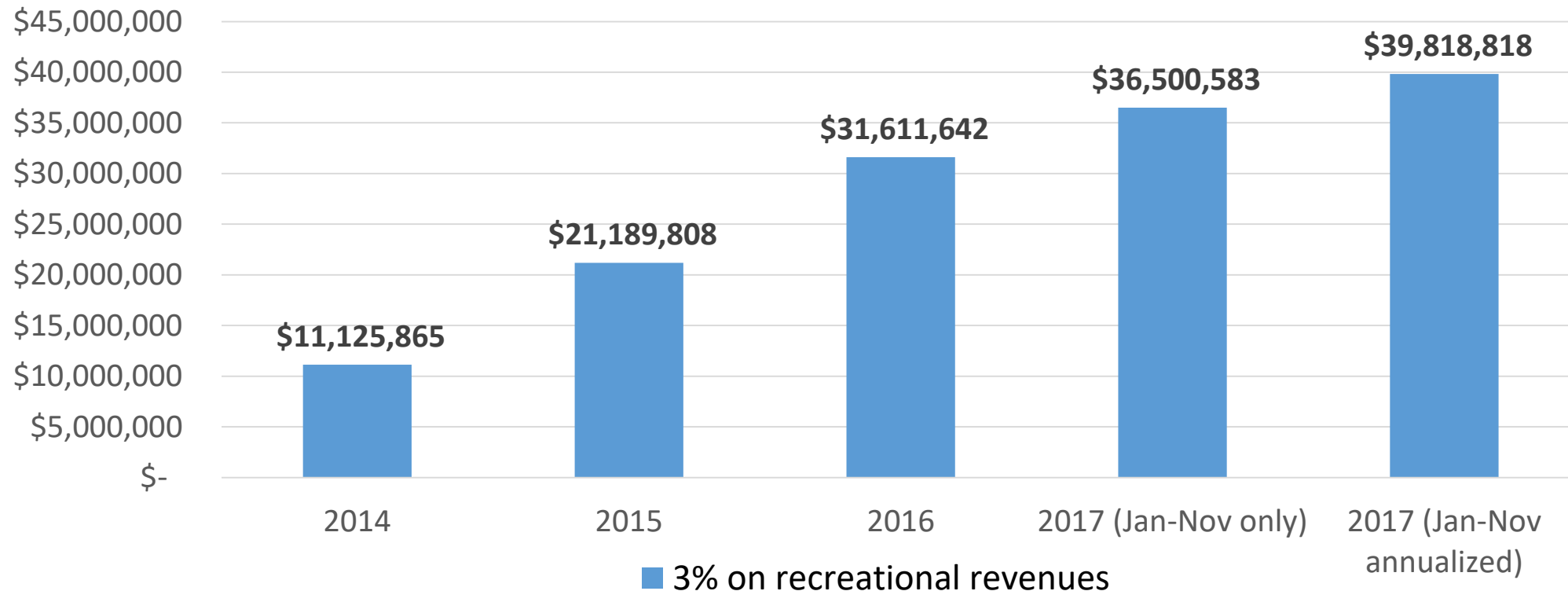
Legal Cannabis Sales in the State of Colorado adjusted for MA population size (CO population = 5.607 million , MA population = 6.860 million (+22.3%))



MA Revenue Commissioner C. Harding estimates total marijuana tax income to state (17% of revenues) in fiscal 2019 (July 2018 – June 2019) to be 44 - 82 million; that implies revenue projections of \$259 – 482 million and excludes sales tax income to local municipalities (Source: Annual Consensus Revenue Hearing, December 2017)

Cannabis Market size:

Sales Tax Income (3% of revenues) to MA Municipalities based on recreational revenues from previous slide (excludes Community Impact Fees which can be up to an additional 3%, thus doubling the numbers)



Cannabis Market size: Average Sales per Dispensary

State	Sales (Rolling 12 months ending 11/16)	Dispensaries	Average Sales/Dispensary
Colorado (Recreational)	\$834M	420	\$1,980,000
Colorado (Medical)	\$440M	491	\$896,000
Washington	\$554M	357	\$1,550,000
Oregon (Recreational)	\$238M	350	\$672,000
Oregon (Medical)	\$112M	381	\$294,000

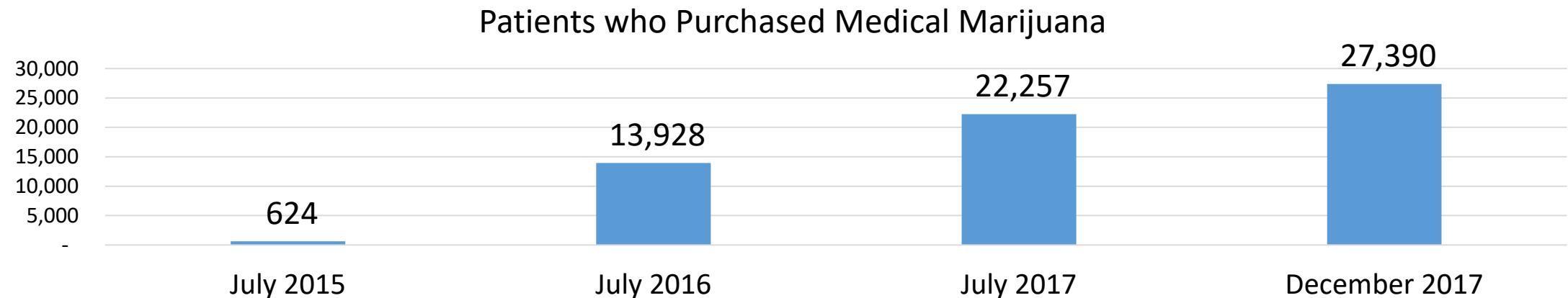
Sales per dispensary range from small Mom and Pop shops generating less than \$250,000/year, to large dispensaries generating > \$20 million/year (e.g Harborside in CA)

State	2017 Sales @\$350/oz.	Dispensaries (as of December 2017)	Average Sales/Dispensary
Massachusetts (Medical)	\$91,433,300	19	\$4,812,279

MA medical dispensaries generate on average 5x the revenue of CO medical dispensaries

Massachusetts Medical Marijuana Data

	New in December 2017	Total through Dec 31, 2017
Total Active Patient Certifications	2,114	49,505
Total Active Patients	2,375	45,319
MMJ Sold, oz.	29,136 (December 2017)	261,238 (CY 2017)
RMDs with Final Certificate, approved to sell	2	19
RMDs with Final Certificate, not yet approved to sell	3	5
RMDs with Provisional Certificates	0	102



Marijuana Usage

	Total US	Colorado	Massachusetts
Use in the last year Age 12-17 in 2013/14	13.28%	20.81%	15.56%
Use in the last year Age 12-17 in 2015/16	12.29%	16.21%	14.45%
Use in the last year Age 18+ in 2013/14	12.87%	20.74%	17.38%
Use in the last year Age 18+ in 2015/16	13.85%	23.82%	19.02%
Use in the last month Age 12-17 in 2013/14	7.22%	12.56%	8.88%
Use in the last month Age 12-17 in 2015/16	6.75%	9.08%	8.68%
Use in the last month Age 18+ in 2013/14	8.04%	15.17%	12.01%
Use in the last month Age 18+ in 2015/16	8.79%	16.62%	12.14%

- Despite CO recreational marijuana shops opening on January 1, 2014, both, “last year marijuana use” and “last month use” of 12-17 year olds have gone down over-proportionately when compared to national data
- Usage by adults has increased over-proportionately for “past year use” and increased proportionally for “last month use” (indicating that the opening of recreational marijuana shops led to more adults occasionally consuming marijuana but not to an increase in consuming regularly)

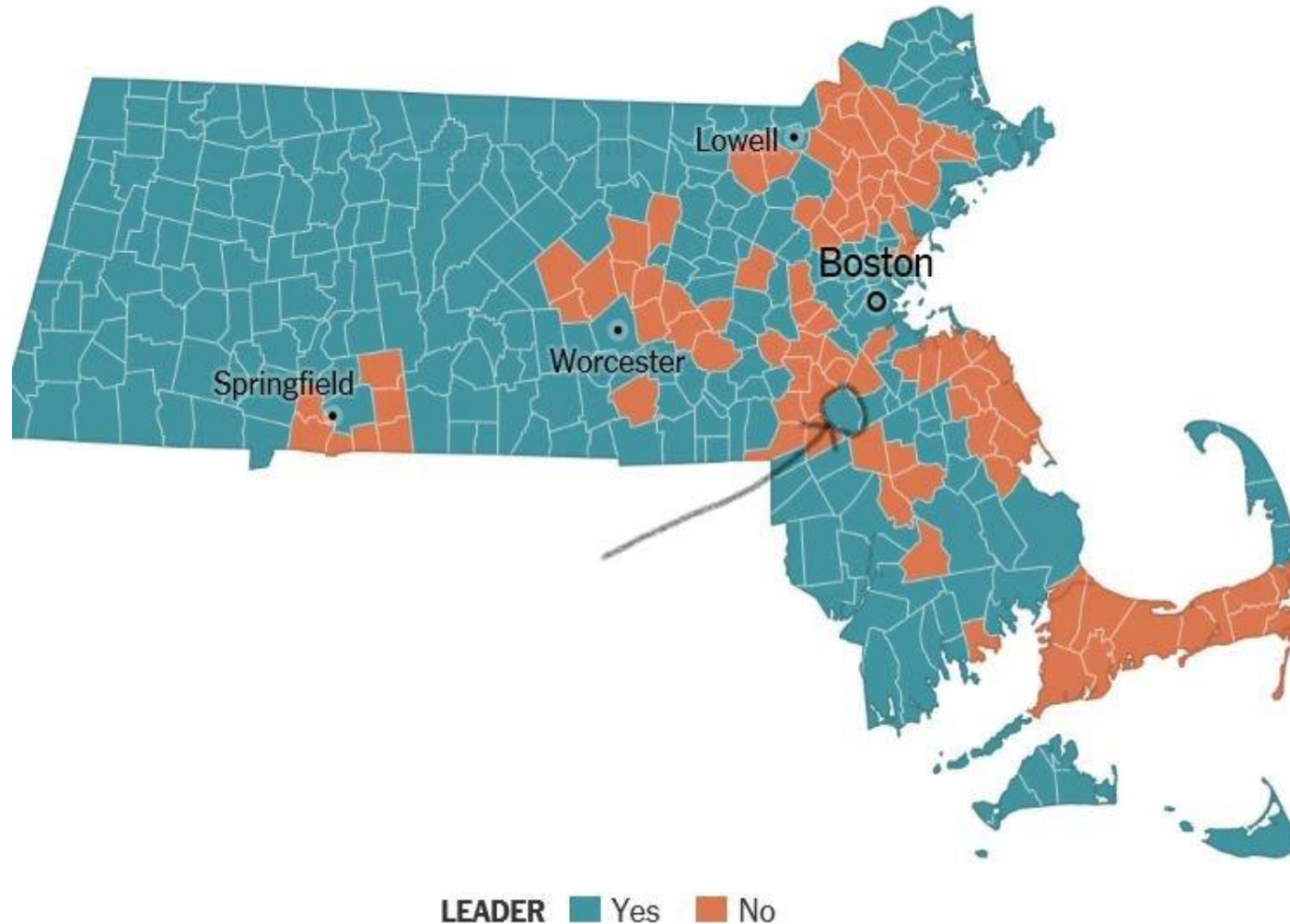
Estimates of Potential Customers

MA total population	6,742,143	
MA population 21+	5,036,394	74.7% of total population
Total population within approx. 25 miles of Sharon (Middlesex, Norfolk, Plymouth, Suffolk Counties)	3,584,750	53.2% of total population
Estimated 21+ population within approx. 25 miles of Sharon	2,677,808	74.7% of total population with 25 miles
Total Last month Marijuana users in MA 21+	611,418	12.14% of 21+ population
Total Last year Marijuana usage in MA 21+	957,922	19.02% of 21+ population
Within 25 miles last month Marijuana users in MA 21+	325,086	12.14% of 21+ population within 25 miles
Within 25 miles last year Marijuana usage in MA 21+	509,319	19.02% of 21+ population within 25 miles
Revenue from last year users within 25 miles @\$1,169*	\$595,393,911	

*Based on CO data= 23.82% last year usage of 21+ = 927,842 users producing \$1,085,277,142 in recreational marijuana sales = \$1,169/person

Source: US census population data

Election Results for Ballot Question 4 (legalization of recreational marijuana)



- Within 25 miles, many municipalities did not vote in favor of legalization
- A store based in Sharon is thus likely to have limited competition for customers from other stores
- Total estimated revenues within 25 miles = \$595 million (see prior slide)
- \$19.8 million/recreational dispensary @30 dispensaries within 25 miles (\$594,000 annual sales tax to Sharon)
- \$29.7 million/recreational dispensary @20 dispensaries within 25 miles (\$891,000 annual sales tax to Sharon)
- \$59.5million/ recreational dispensary @10 dispensaries within 25 miles (\$1,785,000 in annual sales tax to Sharon)
- Community Impact Fees double these numbers

Meetings Overview

- 2 meetings with members of the Police & Fire Departments (including both Chiefs)
- 1 meeting with Superintendent Dr. Greer
- 1 meeting with Superintendent Dr. Greer and all her direct staff (including all school principals)
- 2 meetings and several calls and emails with 4 Daughters Compassionate Care
- 1 meeting with Chair of Board of Health and Town Health Administrator
- 1 meeting with Kacy Maitland & Richard Murphy from the Sharon Substance Prevention and Resource Coalition (SSPARC) scheduled for January 30, 2018
- 1 meeting with School Committee in the process of being scheduled (likely February 28, 2018)
- 1 meeting and multiple emails with members of Sharon Cares

Community Impact Fees – Suggested Projects by Police & Fire

- Each year, 5 Police Officers should get special training to properly assess whether a driver is under the influence of marijuana (Drug Recognition Training)
 - Cost Estimate: \$3,000 -5,000/Officer = \$15,000 - \$25,000 total
- Substance Abuse Officer
 - Cost Estimate: tbd
- Brochures, flyers, mailings etc. with drug education related facts
 - \$20,000/year
- ID checker machine at each register
 - Cost Estimate: \$3,000-5,000/machine
- Require police detail at all times during first 3 months of store being open
 - Cost Estimate: tbd (approx. \$55/hour)
- Police Canine
 - Cost estimate: tbd

Community Impact Fees – Suggested Projects by School Administration

Needed Resources	Approximate Cost	Rationale
Cameras for all school campuses	\$30,000* per elementary school \$50,000-100,000* per MS and HS *Cost depends on the size of the school campus	Deterrent; aides in resolving issues
Additional School Resource Officer (1)	\$65,000-85,000	Support the implementation of a K-12 drug and alcohol prevention program. Support the safety and security of the MS and HS campuses.
Vaping/safety/marijuana detection devices	Working on pricing! http://www.freshairsensor.com (currently in pilot phase) https://www.digitalfly.net/flysense	Deterrent for use of controlled substances in restrooms, locker rooms, and other confined spaces
Additional Health teachers (2)	\$65,000/teacher	Support for the implementation of a K-12 drug and alcohol prevention program
Additional School Nurse (1)	\$60,000 - \$80,000	NASN recommendation is 1:750 and SHS population is approaching 1,200
Campus dog sweeps (6-12)	Free	Deterrent for bringing controlled substances to schools

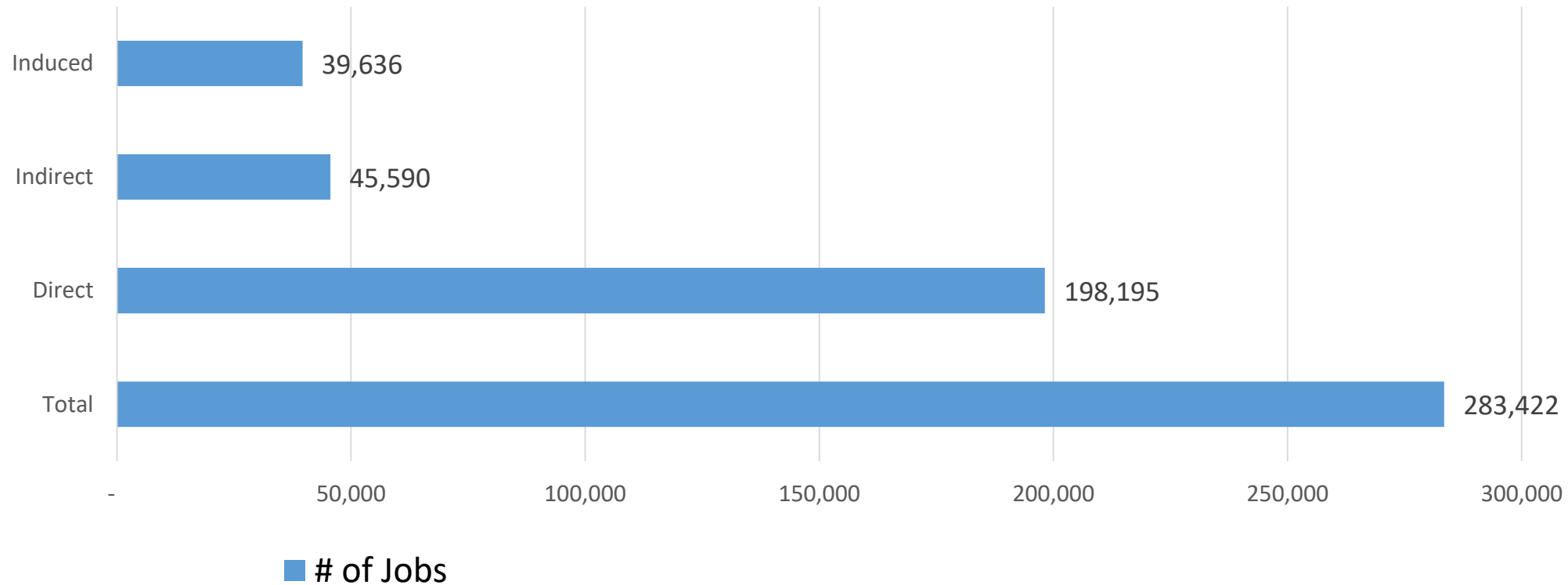
Community Impact Fees – Suggested Projects by School Administration

Needed Resources	Approximate Cost	Rationale
YRBS (6-12)	Approximately \$5,500/administration and analysis done every two years	Assess & communicate state of affairs; identify priority areas for education/funding
LifeSkills by Botvin Student Guides	Approximately \$2,000 annually for 300 students	Evidence-based impact on substance use prevention, specifically opioids, but also on bullying, teen dating violence suicide, and many other issues
4mg Nasal Naloxone Atomizers	\$70/unit per building w/additional costs for refills	Save lives in the event of an opiate overdose
Access and Opportunity Scholarship Fund	TBD	Support students that can't afford district fees (e.g. sports, travel programs, tests) to help ensure engagement
Materials and Supplies for lessons throughout the year on drug, alcohol education	Add in to SEL line item. Approx \$25K per year	Resources for teachers to educate kids on dangers and need for safety

Appendix

Cannabis Market size:

2020 Marijuana Industry: Potential Job Creation (based on Colorado data)



Source: "The State of Legal Marijuana Markets, 5th Edition" published by ARCVIEW Market Research

Illicit Drug Dependence or Abuse

(“National Survey on Drug Use and Health” by Substance Abuse and Mental Health Services Administration. www.samhsa.gov)

	Total US	Midwest	CO	MA
In the last year Age 12-17 in 2013/14	3.50%	3.23%	4.42%	3.60%
In the last year Age 12-17 in 2015/16	3.30%	3.20%	3.84%	3.38%
In the last year Age 18+ in 2013/14	2.55%	2.47%	2.76%	2.96%
In the last year Age 18+ in 2015/16	2.76%	2.55%	2.94%	3.34%

- Illicit Drug dependence or abuse of 12-17 year olds has remained stable in the Midwest (region with least access to marijuana) but gone down in Colorado
- Illicit Drug dependence or abuse of adults is slightly increasing but marijuana doesn't appear to be the driver since both the Midwest and Colorado show slower increases than the national average and Massachusetts