



June 7, 2021,

City of Pasadena
Economic Development & Technology Committee
Tyron Hampton, Chair
Steve Madison
Andy Wilson
Jessica Rivas
100 N. Garfield Avenue
Pasadena, California 91109

Dear EDTech Committee Members:

I am employed with Craig Fry and Associates, a consulting business that has been located in Pasadena since 2013. While my firm currently has 8 workers, before the COVID-19 pandemic hit we had 17 full-time employees working out of our office on Arroyo Parkway. The majority of our work consists of helping businesses and individuals in Pasadena and neighboring cities obtain building permits, zoning entitlements, and business licenses.

Several years ago, with the legalization of marijuana in California having been decided by the voters, we decided to begin a cannabis consulting practice. Since then, we have helped our clients obtain more than 30 state and local licenses for cannabis retail, cultivation, and manufacturing, and with other permits currently pending. These licenses have included wins in highly-competitive jurisdictions such as West Hollywood, Oxnard and Stanton, where we have guided clients to victory over much larger and better-funded multi-state operators.

Three years ago, we learned a new retail cannabis opportunity would soon be available in our own backyard— Pasadena was finally going to conduct a merit-based competition that would select up to six operators to apply for retail permits. Instead of signing on to represent another client, for once, we decided to throw our own hat into the ring. We joined with company having significant operational experience, and together we established *The Brick & Rose*. We carefully built a deep and diverse team of professionals with skills in cannabis retail operations, safety and security, architecture and design, and regulatory compliance. I am honored to serve as the Company's Chief Compliance Officer. Soon thereafter, we became one of the 122 applicants who submitted applications to the City of Pasadena in the hopes of being awarded a retail cannabis permit.

Although we gave it our very best effort, when the final scores were announced, we were crushed to discover we had missed being one of the top six applicants by only a single point. Our total score of 1,458 points was one point behind the 1,459 points given to the sixth-ranked

applicant, MedMen. Notably, we did not receive any special consideration because of our roots in Pasadena. Although this loss stung deeply, with great difficulty, we put the defeat behind us and returned to our consulting work.

In reading a local newspaper recently, we were surprised to learn that MedMen is no longer eligible to receive a retail cannabis permit because of material changes in its ownership. I do not know what the future holds for the roll-out of Pasadena's cannabis permitting program. However, after conferring with my colleagues, we were united in wanting the City to know we are prepared to step forward and fill the vacancy that has been left by the expulsion of MedMen.

Of course, we realize the City Council never promised there would be as many as six operators in Pasadena. Indeed, the Code's location restrictions currently make this impossible. Nevertheless, it was the reasonable expectation of many Pasadena voters that six retail locations would open as a result of this lengthy permitting process. We are aware that the EDTech Committee, with the support of the Planning Department, is currently investigating how the City's cannabis ordinance might be amended to allow more qualifying locations. We also understand that further changes are being considered that could expand the City's cannabis program to benefit a greater number of Pasadena residents, and perhaps even address historical social equity wrongs.

Like many applicants, *The Brick & Rose* was formed for the sole purpose of launching a retail cannabis store within the City of Pasadena. Consequently, our company is not yet operational. However, our ownership team, key employees and working capital have all remained intact, and if given the opportunity, our team is ready, able and willing to promptly proceed with finding a compliant location and meeting all other permitting requirements needed to open a cannabis store within the City.

We remain committed to delivering on the public benefit commitments we proposed in our application. With our close ties to Pasadena, this was an important part of our candidacy. To summarize, we are committed to plowing back a significant portion our profits into the local community, which would underwrite the following activities:

- A significant portion of our staff will be local and social equity hires, helping *The Brick & Rose* to become integrated into the Pasadena business community, while ensuring that we have a team with local roots and values.
- We will be funding an intervention, life skills and mentoring program for at-risk youth provided by *Sarge's Community Base*, a local 501(c)(3) nonprofit organization.
- We will establish an outreach to persons in the community who have been harmed by the criminalization of cannabis, who are chronically unemployed, or who have affected by

poverty, as candidates for paid on-the-job training opportunities in the retail and security fields.

- We will provide funding to a local educator that will enable the launch of a new STEM program that will expose young inner-city girls to science, mathematics, robotics, engineering, and astronomy, with the goal of encouraging young girls to consider education and careers in fields where women have been historically underrepresented.
- To foster the community's connection to the arts, we will sponsor an annual contest to be managed by the ArtCenter College of Design, where the winner will receive a scholarship and an opportunity to have their art publicly showcased at a Pasadena venue.
- We will work with a local law firm to assist persons impacted by the war on drugs and criminalization of cannabis to have their records expunged, removing what for many is a formidable barrier to finding employment.

In addition to these programs, we have decided to add one further initiative to our community outreach programs— something we believe that we are uniquely qualified to offer. We will use our consulting skills and experience to establish a startup incubator that will help social equity applicants in Pasadena to fully participate in the emerging cannabis opportunity. Through this incubator, we will assist social equity applicants in defining their business strategy, preparing financial projections, finding eligible retail locations, preparing staffing plans, negotiating for working capital, and developing compliance programs meeting state and local cannabis regulations. Of course, our ability to offer such a program depends entirely on whether the City decides to modify the rules of its cannabis program to become more inclusive.

In the past several years, we have helped several social equity applicants obtain cannabis permits in the City of Los Angeles. Candidly, we think the Los Angeles social equity program was poorly conceived and badly implemented. The L.A. program offered little support for applicants, and even required permit candidates to acquire expensive leases on storefront properties nearly two years before the City was able to accept permit applications. Consequently, some social equity applicants exhausted their life savings or were forced to take out second mortgages on their homes while waiting for the program to begin. Having depleted their financial reserves, some applicants were evicted by their landlords long before their applications could be submitted for consideration.

Furthermore, unlike Pasadena, the Los Angeles social equity program was based on a "first-come, first-served" policy, with no assessment being made of a candidate's qualifications, experience, industry knowledge, management team or financial resources. Incredibly, Los Angeles social equity applicants were not required to manifest any understanding of the cannabis trade, let alone demonstrate their knowledge of the fundamentals of inventory control, product merchandising, marketing, employee hiring and training, cash management,

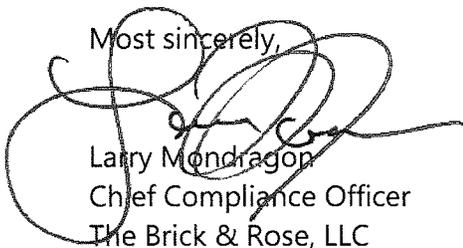
security, environmental compliance, or community relations. For this reason, we sadly anticipate that many of the social equity applicants in Los Angeles who were given the precious opportunity to obtain a cannabis license are doomed to fail. This is an unacceptable and ironic result for a social equity program that was originally intended to share the cannabis windfall and ameliorate many years of disparate treatment as the use of marijuana was selectively and unfairly criminalized.

It is our fervent hope that Pasadena will avoid the mistakes that were made in Los Angeles. If Pasadena truly wishes to establish a meaningful social equity program, we strongly urge the City to provide every applicant with an opportunity to receive the same type of mentoring we are prepared to offer as part of our community benefits program. We are currently in discussions with one of the top-six applicants about jointly operating an incubator for social equity candidates if Pasadena decides to revise its cannabis program to allow greater inclusiveness.

We fully appreciate the tremendous effort that the EDTech Committee and Planning Department will be undertaking in the days ahead. It is no small effort to evaluate the many alternatives for modifying the Code's retail location requirements. It is even a greater undertaking to expand the scope of the City's permitting program to allow meaningful participation by Pasadena residents. However, if given the chance, *The Brick & Rose* is ready to immediately move forward and replace MedMen as one of Pasadena's first retail licensees. If given this opportunity, we would welcome the opportunity to give back to our community by mentoring social equity applicants seeking to fully participate in the economic promise of the legal cannabis trade.

Regardless of the outcome, we look forward to seeing first-hand the results of a successful cannabis permitting program that will provide long and lasting benefits for all of the citizens of Pasadena.

Most sincerely,



Larry Mondragon
Chief Compliance Officer
The Brick & Rose, LLC

cc: Eric Duyshart, City of Pasadena, Business Development
David Reyes, City of Pasadena, Director of Planning