

Agenda

Economic Development Corporation

Board of Directors



City of Kalamazoo

Thursday, January 19, 2023

12:00 AM

CPED Main Conference Room - 245 N. Rose Street, Suite 100

- A. **CALL TO ORDER/ROLL CALL (Action: Motion to Excuse Absent Members - Voice Vote)**
- B. **ADOPTION OF FORMAL AGENDA (Action: Motion to Approve Formal Agenda - Voice Vote)**
- C. **APPROVAL OF MINUTES**
 - 1. Approval of the minutes from the meeting of the Economic Development Corporation Board on December 15, 2022. **(Action: Motion to approve)**
- D. **PUBLIC COMMENTS**
- E. **DIRECTORS' COMMENTS**
- F. **NEW BUSINESS**
 - 1. Approval of a Recommendation to the City Clerk to Approve the 90-Day Probationary Renewal of the Adult Use Retailer/ Medical Provisioning Center Marijuana Business Permit for Focus Group Enterprises, LLC **(Action: Approval of a Recommendation to the City Clerk to Approve the 90-Day Probationary Renewal of the Adult Use Retailer/ Medical Provisioning Center Marijuana Business Permit for Focus Group Enterprises, LLC - Roll Call Vote)**
 - 2. Marijuana Business Permit Non-Renewal Policy **(Action: Approve the Marijuana Business Permit Non-Renewal Policy - Roll Call Vote)**
- G. **UNFINISHED BUSINESS**
- H. **COMMUNICATIONS AND ANNOUNCEMENTS**
- I. **STAFF REPORTS AND UPDATES**

J. ADJOURNMENT

CITY OF KALAMAZOO
ECONOMIC DEVELOPMENT CORPORATION BOARD MEETING
Thursday, December 15, 2022
Community Planning and Economic Development
245 N. Rose Street, Kalamazoo, MI 49007

MEMBERS PRESENT: Rachel Bair; Nathan Bolton; Sharon Ferraro; Kyle Gulau; Michael Gurnee; Kevan Hess; Lucas Middleton; Andrew Schipper; Torean Greeley

MEMBERS ABSENT: Qianna Decker; Jason Novotny

CITY STAFF PRESENT: Clyde Robinson (City Attorney); Jamie McCarthy (Sustainable Development Coordinator); PJ Thuringer (Economic Development Supervisor); Logan Mulholland (Envirologic, Consultant); Jared Chambers (Business Specialist); Beth Cheeseman (Executive Administrative Assistant)

Meeting was called to order at 7:32 AM by Chair Bolton.

Director Bolton welcomed Mr. Torean Greeley, new EDC/BRA member. Director Greeley introduced himself.

MOTION TO EXCUSE ABSENT MEMBERS: Director Gurnee moved to excuse absent members; seconded by Director Hess. Motion approved by voice vote unanimously.

Mr. Thuringer explained a change to a motion on the agenda.

APPROVAL OF AGENDA: Director Ferraro, moved the approval of the agenda as amended; seconded by Director Gurnee. Motion approved by voice vote unanimously.

APPROVAL OF MINUTES: Director Hess moved the approval of the minutes from the meeting of October 20, 2022 and November 17, 2022; seconded by Director Gurnee. Motion approved by voice vote unanimously.

CITIZEN COMMENTS

None.

DIRECTORS' COMMENTS

Directors welcomed new member, Director Torean Greeley.

NEW BUSINESS

1. Approval of a recommendation to the City Clerk to renew the Marihuana Business Permit Application for QPS Michigan Holdings, LLC (Adult Use Retailer). (ACTION: Motion to approve a recommendation to the City Clerk to renew the Marihuana Business Permit Application for QPS Michigan Holdings, LLC (Adult Use Retailer).

Mr. Thuringer shared that QPS employs five full-time and six part-time people. The lowest paid employee makes just over \$29,000 annually. He said that 58% of their workforce are City of Kalamazoo residents. They offer paid sick days, vacation, dental, and vision benefits to full-time employees. QPS spent over \$600,000 for interior and site improvements for their location on S. Westnedge. Mr. Thuringer reported that QPS donated \$5000 to local organizations – Ministry in Community, Loaves and Fishes, and OutFront Kalamazoo. Employees have also donated their time to Art Hop, K-Wings, and Ribfest. QPS utilizes local companies for services. They pride themselves on their diverse workforce - 54% are women and 41% are from minority groups. They require DEI training for employees. Mr. Thuringer said they are in good financial standing with City. They do not ask people if they have been convicted of a crime on their job application. QPS passed zoning and fire inspections. He said they come with a favorable recommendation from the Cannabis Committee.

Matt Lewis, QPS representative, came forward and stated that they are happy to be operating in Kalamazoo. He shared that they are committed to being a good partner with the City and other local organizations (such as Loaves and Fishes and KVCC). Mr. Lewis said one of the City Commissioners gave him contacts in order to focus on partnerships with communities negatively impacted by cannabis laws in the past. He said they hope to forge those partnerships in 2023. Mr. Lewis shared that the company is Michigan based, and they are committed to being a good partner where they operate.

Director Gurnee made a motion to approve a recommendation to the City Clerk to renew the Marihuana Business Permit Application for QPS Michigan Holdings, LLC (Adult Use Retailer); seconded by Director Middleton.

Roll Call vote was taken, and the motion passed unanimously.

Director Ferraro pointed out that the zip code on their application needed to be corrected.

2. Approval of a recommendation to the City Clerk to renew the Marihuana Business Permit Application for SV Labs, LLC (Medical and Adult Use Safety Compliance). (ACTION: Motion to approve a recommendation to the City Clerk to renew the Marihuana Business Permit Application for SV Labs, LLC pending receipt of permit fee prior to license expiration on January 11, 2023.

Chair Bolton noted that the motion was changed to say that renewal is pending receipt of a permit fee prior to license expiration on January 11, 2023. Mr. Thuringer said that due to market conditions, SV Labs is currently closed. They had seven full-time employees. He said the lowest paid employee made \$44,000 per year and the Laboratory Manager made \$90,000 per year. When they were open, they reached out to KVCC to perform scientific demonstrations and present a lecture to help the community understand cannabis testing. SV Labs shared that when they reopen, they would love to engage small businesses as contractors and service providers. Mr. Thuringer reported that they are not in good financial status with the City because they only sent one permit fee. They do not ask people if they have been convicted of crime on their job application. He said they have passed their zoning and fire inspections. This comes to the EDC with a favorable recommendation from the Cannabis Committee pending receipt of the permit fees. Mr. Thuringer share that SV Labs has been

struggling because they closed their location here temporarily. City staff have been in frequent contact with them to help them understand what is needed. Mr. Thuringer commented that there wasn't a representative present even though they were encouraged to send someone to answer questions. He said SV Labs did not say when they would reopen.

Mr. Thuringer explained that there has been a market shift. Growers have been going to labs that can give them the highest THC content because they can sell that product easier and for more money. He said they heard that from The Spot and that business is closing their doors. Attorney Robinson said that is an issue of discussion with the Cannabis Regulatory Agency. There is some consideration of having the State take in the product for testing or doing some type of control, so you get consistent results across labs. At this time, labs that tend to have high THC level get more business. Attorney Robinson shared that he had been told that high THC level is not indicative of the quality of the product.

Mr. Thuringer said the Cannabis Committee talked about how the permit ties up the land which, in turn, controls how many operations they can have within the City. The Cannabis Committee is concerned about people holding real estate and licenses and not having a business open. Attorney Robinson stated that if you hold a valid license for a location, you are basically wiping out competition because of separation distances. If they reduce competitors, they stand a better chance in the market. People with big money can come in and buy out vacant spots and have licensure and reduce competitors. He said they are seeing what they can do to amend the ordinance to address this issue.

Director Hess asked how many labs there were in the City. Mr. Thuringer responded that there were three and now they only have this one - none that are active.

Director Bolton asked what the process would be if SV Labs didn't pay the fee for the permit. Mr. Thuringer said they wouldn't get approval. Mr. Chambers has been in communication with the owner, and they said they sent a check.

Director Schipper asked how many licenses the City offers. Mr. Thuringer clarified that the limit is determined by separations of real estate – there are about 50 right now.

Attorney Robinson commented that with regards to labs, it is not so much separation distance, but a question of being in the right zoning district.

Director Bair said it sounded like there was a systematic bias among labs to get business to provide artificially high THC. She asked how that was being addressed and if there were potential problems with operators in Kalamazoo. Mr. Thuringer said the State has to address that issue. He said they could reach out to the state and see what is being done. He mentioned a lawsuit that someone on the Cannabis Committee had told them about. Attorney Robinson said that involved having a bunch of marihuana recalled. It is still in litigation. He said the problem is that if THC or contaminants are not uniform in the sample, they could get different results. The Cannabis Regulatory Agency is aware of issue and trying to find a resolution.

Director Ferraro made a motion to approve a recommendation to the City Clerk to renew the Marihuana Business Permit Application for SV Labs, LLC pending receipt of permit fee before license expiration on January 11, 2023; seconded by Director Middleton.

Roll call was taken, and the motion passed unanimously.

Director Middleton looks forward to discussing potential reforms to the ordinance.

Director Ferraro asked to find out if the lab made the payment before the next meeting.

3. Approval of an amendment to line items in the FY 2023 Budget for Economic Development Corporation Fund.

(ACTION: Motion to approve an amendment to line items in the FY 2023 Budget, as presented by staff, for Economic Development Corporation Fund).

Mr. Thuringer stated that the Board approved the Fiscal Year 2023 budget in September. He said that, since that time, they received updated information from Management Services and additional information from City staff. Mr. Thuringer said they increased revenue by \$864,261 because they have an EGLE grant running through EDC for 315 E. Frank. Also, it was discovered they would get their 25% set aside for marihuana equity from the state - \$234,261. He shared that they plan to put in an RFP for help creating a Cannabis Chamber. A Cannabis Chamber would point people to resources when companies come in and say they can't find people of color or if there are issues with labs or zoning. Expenses increased by \$31,598. This covers a portion of Mr. Thuringer's salary and the Deputy Director's salary. Mr. Thuringer explained they are also going to share a vehicle lease, so they have access to a car. Ms. McCarthy shared that it would most likely be a sedan.

Director Gurnee made a motion to approve an amendment to line items in the FY 2023 Budget, as presented by staff, for Economic Development Corporation Fund; seconded by Director Gulau.

Roll call vote was taken, and the motion passed unanimously.

OLD BUSINESS

None.

COMMUNICATIONS AND ANNOUNCEMENTS

None.

STAFF UPDATES

None.

Director Bolton thanked the Directors for their commitment and wished them a happy holiday season.

ADJOURNMENT: 7:56 AM

Signature

Name/Title

Signature

Name/Title

Focus Group Enterprises LLC
City of Kalamazoo
Marihuana Business Permit
Renewal Application

MARIHUANA BUSINESS PERMIT RENEWAL APPLICATION

Pursuant to Chapter 20B of the Kalamazoo City Code

City of Kalamazoo
Office of the City Clerk
241 West South Street
Kalamazoo, MI 49007

(Please Print)

BUSINESS INFORMATION (The entity that is licensed by the state and that holds a City MMF permit)**Official Business Name** Focus Group Enterprises, LLC

Business Address 5303 Portage Road

City Kalamazoo State MI Zip Code 49002 Business Phone (213) 567 - 4201

Business E-mail licensing@shrynegroup.com Business Website

TYPE OF PERMIT BEING RENEWED**Medical**

Grower:

☐ Class A (500 plants)☐ Class B (1,000 plants)☐ Class C (1,500 plants) No. of Class C Permits☐ Processor☐ Safety Compliance☒ Provisioning Center☐ Secure Transporter**Adult Use**

Grower:

☐ Class A (100 plants)☐ Class B (500 plants)☐ Class C (2,000 plants) No. of Class C Permits☐ Excess Grower☐ Processor☐ Safety Compliance☐ Microbusiness☒ Retailer☐ Secure Transporter☐ Designated Consumption Lounge**FACILITY INFORMATION**

Property Address 5303 Portage Road, Kalamazoo, MI 49002

Real Property Parcel Number 10-02-255-003

Advertised Facility Name STIIIZY

Manager - Full Name James Kim

CONTACT INFORMATION [the primary point(s) of contact for this application]**Name** Maurice Cunningham

Address 2001 S Alameda St

City Los Angeles

State CA

Zip Code 90058

Phone (213) 567 - 4201

E-mail maurice.cunningham@shrynegroup.com

Name

Address

City

State

Zip Code

Phone

E-mail

ATTACHMENTS

Please attach the following as separate documents to this application:

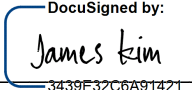
1. The attached Staffing Plan worksheet and any additional pages that provide a description of the actual number of employees, including the number and type of jobs that the licensed facility has created, and the amount and type of compensation (including benefits) paid for such jobs; and
2. An explanation, with supporting factual data, of the economic benefits to the City and the job creation for local residents achieved by the facility; the results of community outreach efforts; and worker training programs.
3. A social equity plan that: (a) promotes and encourages participation in the marihuana industry by local residents that have been disproportionately impacted by marihuana prohibition and enforcement; and (b) positively impacts local residents.

The City's Economic Development Corporation will use the information provided in these documents to evaluate the permit holder's compliance with the statements it provided with its initial application (specifically the representations made in Attachment G – Staffing Plan and Attachment H – Community Benefits Statement).

Please complete the following certifications:

- ☒ The permitted facility is not in default to the City for any property tax, special assessment, utility charges, fines, fees or other financial obligation owed to the City.
- ☒ The hiring and public accommodation practices of the permitted facility conforms to the City's anti-discrimination ordinance provisions.
- ☒ I consent to an inspection of the permitted premises as required by ordinance to ensure the premises and its systems are in compliance with the requirements of Chapter 20B of the Kalamazoo City Code.
- ☒ I understand that renewal of a City Operating Permit is contingent on renewal of the State Operating License for this facility.

I hereby certify under the penalty of perjury that the statements made in this application, including all attachments thereto, are true. I further certify that I am an officer, director, or managerial employee of the applicant or a person who holds a direct or indirect ownership interest in the applicant.

Applicant Signature:  Date: 11/21/2022

Name (printed): James Kim Position: Manager

Focus Group Enterprises LLC
City of Kalamazoo
Marihuana Business Permit
Renewal Application
Attachment 1. Staffing Plan

STAFFING PLAN

Summary

Please indicate the number of employees who work at the licensed facility:

Full-time employees (32+ hours per week) 16 Part-time employees (< 32 hours per week) 2

Position Types and Compensation

Please provide a description of the types of jobs the licensed facility has created, along with the amount of compensation and benefits paid for such jobs:

Position Title: Dispensary Sales Associate Annual Average Compensation \$ 31,2000

How many people are employed in this position at the licensed facility? 6

Are health insurance benefits available for employees in this position? Yes ☒ No ☐

If yes, please indicate the employer contribution to health insurance costs: All ☐ Partial ☒ None ☐

Position Title: Floor Lead Annual Average Compensation \$ 37,440

How many people are employed in this position at the licensed facility? 3

Are health insurance benefits available for employees in this position? Yes ☒ No ☐

If yes, please indicate the employer contribution to health insurance costs: All ☐ Partial ☒ None ☐

Position Title: Inventory Associate Annual Average Compensation \$ 35,360

How many people are employed in this position at the licensed facility? 2

Are health insurance benefits available for employees in this position? Yes ☒ No ☐

If yes, please indicate the employer contribution to health insurance costs: All ☐ Partial ☒ None ☐

Position Title: Receptionist Annual Average Compensation \$ 32,240

How many people are employed in this position at the licensed facility? 3

Are health insurance benefits available for employees in this position? Yes ☒ No ☐

If yes, please indicate the employer contribution to health insurance costs: All ☐ Partial ☒ None ☐

Position Title: Assistant Manager Annual Average Compensation \$ 43,680

How many people are employed in this position at the licensed facility? 3

Are health insurance benefits available for employees in this position? Yes ☒ No ☐

If yes, please indicate the employer contribution to health insurance costs: All ☐ Partial ☒ None ☐

Please provide information on any benefits other than health insurance that are offered to all employees:

Medical , dental, vision, long term disability, life accidental death and dismemberment.

Attach additional pages as necessary.

STAFFING PLAN

Summary

Please indicate the number of employees who work at the licensed facility:

Full-time employees (32+ hours per week) 16 Part-time employees (< 32 hours per week) 2

Position Types and Compensation

Please provide a description of the types of jobs the licensed facility has created, along with the amount of compensation and benefits paid for such jobs:

Position Title: General Manager Annual Average Compensation \$ 70,000

How many people are employed in this position at the licensed facility? 1

Are health insurance benefits available for employees in this position? Yes ☒ No ☐

If yes, please indicate the employer contribution to health insurance costs: All ☐ Partial ☒ None ☐

Position Title: _____ Annual Average Compensation \$ _____

How many people are employed in this position at the licensed facility? _____

Are health insurance benefits available for employees in this position? Yes ☐ No ☐

If yes, please indicate the employer contribution to health insurance costs: All ☐ Partial ☐ None ☐

Position Title: _____ Annual Average Compensation \$ _____

How many people are employed in this position at the licensed facility? _____

Are health insurance benefits available for employees in this position? Yes ☐ No ☐

If yes, please indicate the employer contribution to health insurance costs: All ☐ Partial ☐ None ☐

Position Title: _____ Annual Average Compensation \$ _____

How many people are employed in this position at the licensed facility? _____

Are health insurance benefits available for employees in this position? Yes ☐ No ☐

If yes, please indicate the employer contribution to health insurance costs: All ☐ Partial ☐ None ☐

Position Title: _____ Annual Average Compensation \$ _____

How many people are employed in this position at the licensed facility? _____

Are health insurance benefits available for employees in this position? Yes ☐ No ☐

If yes, please indicate the employer contribution to health insurance costs: All ☐ Partial ☐ None ☐

Please provide information on any benefits other than health insurance that are offered to all employees:

Medical , dental, vision, long term disability, life accidental death and dismemberment.

Attach additional pages as necessary.

Job Title	Roles & Responsibilities
Dispensary Sales Associate	▪ Execute recreational and medicinal sales transactions ▪ Ensure cannabis and/or cannabis product sales are compliant, including daily limits and age verification ▪ Control inventory and cash at each point of sale (POS) station
Floor Lead	▪ Oversee Sales Associate & Receptionist ▪ Process returns and exchanges ▪ Report discrepancies, job functionality, employee progress
Inventory Associate	▪ Maintain awareness of authorized non-employees moving in and out of limited access areas ▪ Barcode products ▪ Complete transfers from inventory area to sales floor ▪ Intake new product ▪ Manage cannabis waste ▪ Communicate with off-site retail support
Receptionist	▪ Responsible for fully checking IDs, verifying age and validity, creating customer profiles both medical and recreational ▪ Verify medical recommendations ▪ Properly answering or directing phone questions as needed ▪ Notify Floor Leads of any product exchanges
Assistant Manager	▪ Manages retail staff ▪ Provides training to retail staff regarding safety and security procedures ▪ Oversees inventory ▪ Information protection ▪ Workplace violence prevention ▪ Security officer supervision
Manager	▪ Leader and head manager ▪ Responsible for all retail operations including inventory control, sales, safety, and security ▪ Charged with development and enforcement of security policies and procedures for all personnel ▪ Pre-employment screenings ▪ Crisis management ▪ Law enforcement and government liaison ▪ Information protection ▪ Workplace violence prevention ▪ Security officer supervision ▪ Conduct monthly security audits

Focus Group Enterprises LLC
City of Kalamazoo
Marihuana Business Permit
Renewal Application
Attachment 2. Community Benefits
Statement

STIIIZY

Community Benefits Statement

Focus Group Enterprises LLC (STIIIZY), is committed to playing an integral role in the City of Kalamazoo's community and economic development. As such we want to share a little bit about ourselves and our vision of our place in your community.

We Advocate for Social Justice & Create Equitable Opportunities...

by supporting social justice issues in the industry, as well as embracing social equity programs across the markets in which it operates. Through these initiatives we not only aim to help build stronger neighborhoods, but also set the tone for social justice advocacy across the cannabis space.

We Promote Health & Wellness in the Communities We Serve...

by offering education on cannabis, advocating for medical cannabis access and participating in reducing the stigma associated with cannabis use. Through these efforts we will be able to reach some of our society's most vulnerable groups, including military veterans, those battling illness and pain, as well as individuals who are challenged by mental illness and past trauma.

We are Committed to Sustainable Operations...

By holding ourselves accountable to a broader world, we take that responsibility seriously. Inherent in this responsibility is our commitment to ensuring that practices across our vertical take sustainability into account. From the waste we produce to how we can engage our employees in environmentally friendly practices, we understand the gravity of our changing climate and will strive to be a part of the solution.

In order to transform this vision into a reality STIIIZY is committed to doing the following:

1. Form a Community Advisory Council consisting of community leaders, STIIIZY representatives and staff, and other stakeholders. Thereby ensuring that our development efforts are focused into meaningful projects for our local stakeholders.
2. Partner with at least 2 local community organizations and/or nonprofits dedicated to promoting social justice within communities impacted by marihuana prohibition and enforcement.

3. Implement and uphold a “good neighbor policy” committing to host periodic community meetings inviting the general public and neighboring businesses in the area to provide a forum to share feedback, address concerns and provide cannabis education.

We plan on implementing and promoting these activities by utilizing the following best practices:

- Information Mailings
- Sponsorship of neighborhood open houses
- Development and disbursement of educational materials
- Collaboration with local government and law enforcement
- Development of an inhouse educational program
- Active and informational social media platforms

To ensure we are successful in attaining these goals we’re committed to share data with the City of Kalamazoo and continually evaluate the effectiveness of our community engagement by implementing a Monitoring and Evaluation Plan.

The Monitor and Evaluation Plan will track three key metrics:

1. **Job Creation** - measuring the impact of jobs created by the business and wages; both cumulative and by job classification.
 - a. In accordance with our staffing plan STIIIZY has created 16 full time jobs and 2 additional part time jobs contributing to the local economy an estimated benefit of at least \$590,060 based on cumulative salaries and wages.
2. **Volunteer Hours** - through partnerships with community organizations STIIIZY will track approved volunteer hours utilized by the store’s staff.
 - a. Each employee is allotted up to 16 hours of regular wages for community service.
3. **Community Meeting Attendance** - track the attendance of regular meetings, record minutes, and keep track of issues brought forth from general public and business neighbors and our actions to address issues.

Focus Group Enterprises LLC
City of Kalamazoo
Marihuana Business Permit
Renewal Application
Attachment 3. Social Equity Plan

STIIIZY

Social Equity Plan

Focus Group Enterprises LLC (STIIIZY) is an adult-use and medical cannabis dispensary and brand that embodies Kalamazoo's industrious, and ever-evolving spirit. We embrace the city's rich history by growing alongside the urban development and cultural changes. Focus Group Enterprises LLC (STIIIZY) is dedicated to safe adult recreational & medical use and provides the local community with safe access to needed services in the city of Kalamazoo, with a culturally aware and sensitive approach. STIIIZY strives to be an asset and leader in the community.

1. Sponsor a minimum of 2 qualified applicants per year by paying their State of Michigan MRA application fees. We will review and choose eligible applicants from the qualifying regions in Michigan pursuant to MRA qualification guidelines. The group(s) of our choice will receive the contribution directly from STIIIZY or its affiliates.
2. Contribute up to \$2,500 per year for each of the same eligible applicant(s) to be used for local permit fees.

In addition to providing direct support to qualified applicants STIIIZY intends to provide employment opportunities to as many social equity-qualified individuals as possible. Thereby providing valuable cannabis industry experience. As our organization evolves, we plan to offer technical assistance to qualified social equity applicants seeking licensure so we can share the benefit of our experience. As well as direct partnerships with trade organizations with a social equity focus to bolster fledgling support networks.

Just like the cannabis industry, our social equity goals will remain dynamic, and this plan is subject to annual review. We will review our plan annually and potentially increase contributions as our business expands.

Social Equity Policy Goals

Our goal is reducing systemic oppression by forming a versatile approach to social equity through avenues of advocacy, inclusivity, alliances, and career training. It is our mission to play our part towards socially responsible efforts in marginalized communities most impacted by the war on drugs. Ultimately, turn the narrative of cannabis prohibition upside down and demonstrate that cannabis has the potential transformative power to impact and change lives and communities for the better. In order to achieve this, we've laid out five focus areas:

1. **Hire Local** - Commitment to actively seek out and recruit local hires to staff the cannabis retail which will include, supervisory, managerial, and administrative positions.
2. **Career Development** - employment opportunities for individuals with non-violent cannabis convictions, veterans, those from the foster care system, or others marginalized peoples who traditionally experience financial hardship.
3. **Social Equity Sourcing** - Make efforts to source, feature, and sell equity made products (as much as 10% of our inventory).
4. **Build Alliances** - Supporting cannabis career fairs and other industry events that showcase new opportunities in the cannabis space.

INTER-OFFICE MEMO

To: The Economic Development Corporation Board of Directors

From: Paul Thuringer, Economic Development Supervisor
Jared Chambers, Business Specialist

Date: 1/17/2023

Re: Adult Use Retailer & Medical Provisioning Center Permit Renewal for Focus Group Enterprises, LLC DBA Stiizy

The City Clerk's Office has requested that the Economic Development Corporation (EDC) Board of Directors evaluate the *Marihuana Facility Permit Renewal Application* submitted by Focus Group Enterprises, LLC DBA Stiizy for its facility at 5303 Portage Street, Kalamazoo, MI 49002, and that the EDC Board provide a recommendation regarding the renewal of this permit.

BACKGROUND

In February 2022 the City Clerk issued an Adult Use Retailer & Medical Provisioning Center Permit to Focus Group Enterprises, LLC DBA Stiizy, the applicant, for its facility at 5303 Portage Street. This City Operating Permit is set to expire on February 10, 2023, and must be renewed prior to that date in order for the facility to continue operating. The applicant has submitted the required renewal application and the annual permit fee. City ordinance requires that the Economic Development Corporation review the renewal application and provide a recommendation. Below is the ordinance language that describes the specific role and responsibilities of the EDC in this process:

Sec. 20B-12

C. In determining whether to grant a renewal of a permit, the members of the City's Economic Development Corporation board will evaluate the permit holder's compliance with the statements it provided with its initial application and submission with its request for renewal of the following information:

1. The Staffing plan for the business which describes the actual number of employees, including the number and type of jobs that the facility has created, and the amount and type of compensation (including benefits) paid for such jobs;
 - A staffing plan was included, with all the above items covered.
 - STIIIZY has created 20 employment opportunities since its grand opening in Kalamazoo in October of 2022.
 - STIIIZY currently has 18 active employees: 16 full-time employees and 2 part-time employees
 - Hourly employee wages range from \$15.50 - \$24/hr. General managers salary is \$70,000-\$80,000.
 - These jobs are contributing to the local economy an estimated benefit of at least \$590,060 based on cumulative salaries and wages.

2. An explanation, with supporting factual data, of the economic benefits to the City and the job creation for local residents achieved by the business, results of efforts for community outreach and worker training programs;
 - They plan to create a Career Development Program that will identify individuals such as those with non-violent cannabis conviction, veterans, those from the foster care system, or others who have simply experienced extreme financial hardship.
3. An explanation, with supporting factual data, of the efforts and success achieved by the social equity plan of the business to promote and encourage participation in the marihuana industry by local residents that have been disproportionately impacted by marihuana prohibition and enforcement, and the positive impact of the social equity plan on local residents;
 - They plan to partner with at least 2 local community organizations and/or non-profits dedicated to promoting social justice within communities impacted by marihuana prohibition and enforcement.
4. A statement that the business is not in default to the City for any property tax, special assessment, utility charges, fines, fees, or other financial obligation owed to the City;
 - Property taxes are not in default but are due by Feb 20th.
 - As of 1/12/22, the personal property tax form has not been filed with the City Assessor.
5. A statement that the hiring and public accommodation practices of the facility conform to the City's Nondiscrimination Ordinance provisions and documentation of the total number of employees broken out by managerial and operational employees, number of women, and number of minority employees and number of employees disproportionately impacted by marihuana prohibition and enforcement.
 - Their presentation states that they comply with the City's Nondiscrimination Ordinance provisions.
 - 1 female manager, 9 operational.
 - 1 minority manager, 5 operational.
 - Currently, no employees identified as being disproportionately impacted by marihuana prohibition and enforcement.
6. A statement, with supporting documentation, providing answers to the following questions:
 - a. How many City residents do you currently employ?
 - 15 employees listed as local.
 - b. How many current employees reside in Census Tracts 1 (Eastside); 9, 10 (Edison), and/or 2.02,3 (Northside)?
 - 1 employee in Tract 3 (Northside).
 - c. What is your plan to employ residents of the identified census tracts?
 - STIIIZY plans to organize events in the census area to provide information and encourage applicants.
 - d. How many of your employees have prior marihuana convictions (excepting a conviction for delivery or distribution to a minor)?
 - Currently, they no employees with prior marihuana convictions.

- e. What is your plan for employees with a prior marihuana conviction to move up within your business and/or the marihuana industry?
 - Not applicable currently.
- 7. Proof that the marihuana business has received recognition and maintains the status as a Silver Level Social Equity All-Star or better with the Michigan Cannabis Regulatory Agency.
 - They are working on submitting the application and have not received recognition yet.

Please see the attached Marihuana Renewal Application Checklist that verifies that this business has met all the requirements for renewal, pending confirmation of Silver Level Social Equity All-Star or better status with the Michigan Cannabis Regulatory Agency. This checklist was completed by City staff to verify if all requirements of the ordinance have been met. The City Clerk has verified that the applicant has no outstanding financial obligations to the City, there have been no complaints to the City Manager regarding compliance with the City's anti-discrimination ordinance, and the facility has passed its City Fire & Zoning inspections. The applicant has not met all the requirements for renewal.

RECOMMENDATION

Staff recommends that the EDC Board recommend to the City Clerk's Office a 90-day probationary approval of the Medical Safety Compliance and Adult Use Safety Compliance Permit to Focus Group Enterprises, LLC DBA Stiiizy, pending confirmation of Silver Level Social Equity All-Star or better status with the Michigan Cannabis Regulatory Agency.

ATTACHMENTS

Focus Group Enterprises, LLC DBA Stiiizy Renewal Application
Attachments (Staffing Plan) and (Community Benefits Statement) from the applicant

Adult Use Retailer & Medical Provisioning Center Marihuana Renewal Application Checklist for:

Focus Group Enterprises, LLC DBA

5303 Portage Street

Contact: Maurice Cunningham

maurice.cunningham@shrynegroup.com

Type: Adult Use Retailer

	Date Received	Received By	Comments	
Renewal Application Received	11/22/2022	Scott Borling		
Inspection Type:	Inspection Date	Completed by:	Satisfactory?	Notes
Zoning Inspection	12/6/2022	Pete Eldridge	Yes	
Fire Inspection	12/6/2022	Scott Brooks	Yes	
	Date	Name	Comments	
Business Community Benefits Check-In	12/8/2022	Jared Chambers		
	Invite Sent	EDC Meeting Date		
Invite to EDC Meeting		1/19/2023		
	Full-Time	Part-Time	Comments	
Jobs Created	16	2		
	Yes/No	Comments:	Verified by:	
Any Past Due Financial Obligations with City? (i.e. taxes owed, fees, fines, etc)	No		Andrew Falkenberg	
Silver Level Social Equity All-Star or better status with the Michigan Cannabis Regulatory Agency	No			
Attachments	Staffing Plan	City Economic Benefits Plan	Social Equity Plan	Handbook
	Yes	Yes	Yes	N/A

All Items
Complete

No



EDC Board of Directors Staff Report

City of Kalamazoo

TO: The Economic Development Corporation Board of Directors

FROM: Jared Chambers, CPED Business Specialist

DATE: January 19, 2023

SUBJECT: Marihuana Business Permit Non-Renewal Policy (**Action: Approve the Marihuana Business Permit Non-Renewal Policy - Roll Call Vote**)

SUMMARY:

The 90-day probationary period has been utilized in the past to allow for compliance. The scheduling of the EDC Board Revocation Hearing procedure has been added to allow for evidence/facts to be presented to support the allegations of non-compliance. The permit holder is to present their case on why they have not complied or provide evidence/facts to prove that they are complying.

BACKGROUND:

This policy was created to administer a standard process when a business permit holder does not meet the requirements for renewal. It also serves as a guide, for the permit holder to regain compliance within the 90-day probationary period.

RECOMMENDATION:

The EDC Board should approve this Policy to be implemented.

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NON-RENEWAL POLICY

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PURPOSE: This policy serves as the procedure during the 90-day probationary renewal, following the Economic Development Corporation Board meeting.

SCOPE: This policy applies to all Medical and Adult-Use marihuana businesses permitted to operate in the City of Kalamazoo.

NOTES: A valid marihuana business operating permit may be renewed on an annual basis by submission of a renewal application upon a form provided by the City Clerk and payment of the annual license fee set by City Commission resolution. An application to renew a marihuana business operating permit shall be filed no sooner than 120 days and no later than 75 days prior to the date of its expiration. Upon receipt of a timely filed application of renewal, the City Clerk, in consultation with EDC staff, may extend the term of the expiring permit for up to 90 additional days, at no cost to the permittee, to allow for the orderly consideration of the request for renewal. The failure to timely file for renewal is sufficient grounds to deny renewal of a permit to operate a marihuana business in the City and is not subject to appeal. (§ 20B-12A)

POLICY: The EDC Board may recommend that the City Clerk issue a single 90-day probationary renewal based upon a finding that the permittee has documented violations of City Codes or Ordinances for which the permittee has presented a written plan for correction of all violations which is determined by the EDC Board to be an acceptable resolution of the violations. The following steps shall be applied for any permit holder that is not in good standing and is given a 90-day probationary renewal.

1. EDC Board Meeting

- a. Applicant to present required material for renewal.
- b. Applicant to present a written plan for corrective action.
- c. EDC Board decides to renew or deny

2. 90-Day Probationary renewal begins

- a. The 90-day probationary period begins on the first day following the permit expiration date.

3. Economic Development Staff Sends letter to applicant

- a. States timeline of 90-day probationary period.
- b. States what corrections are required.

4. Schedule EDC Board Revocation Hearing

- a. Special hearing scheduled at end of 90-day probationary period.
 - i. OR the hearing will be scheduled as soon as the applicant has corrected the deficiencies and the CPED staff has confirmed the property has been brought into compliance.
- b. This hearing will be specifically for the applicant that is on probation.

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- c. This hearing will determine the final approval or denial recommendation to the City Clerk.

5. Applicant Scheduled for 1st month EDC Board Meeting

- a. Applicant to present an update of corrective actions taken.

6. Applicant Scheduled for 2nd month EDC Board Meeting

- a. Applicant to present an update of corrective actions taken.

7. Criteria Requirements for permit renewal

In determining whether to grant a renewal of a permit, the members of the City's Economic Development Corporation Board will evaluate the permit holder's compliance with the statements it provided with its initial application and submission with its request for renewal of the following information:

- a. The Staffing plan for the business which describes the actual number of employees, including the number and type of jobs that the facility has created, and the amount and type of compensation (including benefits) paid for such jobs.
- b. An explanation, with supporting factual data, of the economic benefits to the city and the job creation for local residents achieved by the business, results of efforts for community outreach, and worker training programs.
- c. An explanation, with supporting factual data, of the efforts and success achieved by the social equity plan of the business to promote and encourage participation in the marihuana industry by local residents that have been disproportionately impacted by marihuana prohibition and enforcement, and the positive impact of the social equity plan on local residents.
- d. A statement that the business is not in default to the City for any property tax, special assessment, utility charges, fines, fees, or other financial obligation owed to the City.
- e. A statement that the hiring and public accommodation practices of the facility conform to the City's Nondiscrimination Ordinance provisions and documentation of the total number of employees broken out by managerial and operational employees, number of women, and number of minority employees and number of employees disproportionately impacted by marihuana prohibition and enforcement.
- f. A statement, with supporting documentation, providing answers to the following questions:
 - i. How many City residents do you currently employ?
 - ii. How many employees currently reside in Census Tracts 1 (Eastside); 9, 10 (Edison), and/or 2.02, 3 (Northside)?

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- iii. What is your plan to employ residents of the identified census tracts?
 - iv. How many of your employees have prior marihuana convictions (except a conviction for delivery or distribution to a minor)?
 - v. What is your plan for employees with a prior marihuana conviction to move up within your business and/or the marihuana industry?
 - g. Proof that the marihuana business has received recognition and maintains the status as a Silver Level Social Equity All-Star or better with the Michigan Cannabis Regulatory Agency
8. City Clerk to make a final determination on denial or approval to renew permit(s).

DRAFT