

N2 CC
5/10/2022

Recommendation #7

No Need for a consultant at this time however if the council was inclined to do so they should direct staff to reach out to additional consultants to get a proper bid, as oppose only considering HdL.

Other consultants to consider:

- 1) Tierra West Advisors : tierrawestadvisors.com
- 2) SCI Consulting Group: sci-cg.com

HdL has had a problematic reputation with their involvement in Cannabis.

- 1) Fairfield: Fairfield council puts brakes on retail cannabis permit process

"They [City Council] also voted to fire HdL Companies and demand a refund of all money thus far paid to the company for its services related to the cannabis permit process.

- 2) Chula Vista: Chula Vista faces a third cannabis dispensary lawsuit

"The consultants, HdL, allegedly deducted points because of the format of the application and refused to consider supplementary information that Chula Vista had asked Cannabis Village to submit



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Fairfield council puts brakes on retail cannabis permit process

By **Glen Faison**

Action comes as staff, electeds cite concerns with vetting of applicants

FAIRFIELD — City Council members halted its review of retail cannabis permits Tuesday based on concerns raised about how the company hired to review and score applications ultimately ranked those applications.

The City Council was expected to continue a public hearing and then grant preliminary approval for two cannabis retail permits.

The public hearing on the retail permits was carried over from the March 2 meeting.

There were five finalists for the two retail permits. The five finalists have already made 15-minute presentations to the council.

The retail permit applications – 14 in all – were ranked both by city staff and also by the consultant, HdL Companies of Brea, which, among other things, offers cannabis consulting services to cities.

No representative of the company spoke during the staff presentation and subsequent council discussion.

Council members and city staff shifted the focus of the continued public hearing after an announcement about the concerns with the consultant's review and scoring process.

The council ultimately voted to continue the public hearing to special meetings to start at 6 p.m. April 28 and April 29, and to the regular council meeting at 6 p.m. May 4.

Council members opted to interview all 14 applicants, with 15 minutes set aside for each presentation.

They also voted to fire HdL Companies and demand a refund of all money thus far paid to the company for its services related to the cannabis permit process.

This aspect of the council's action was redundant: City Attorney Greg Stepanicich and City Manager Stefan Chatwin each confirmed that the company had already agreed it was the correct move to cancel the contract and issue a full refund.

Chatwin indicated the action may be an intent by the council to send a message. None of the council members

challenged that assessment.

The individual council members expressed dismay at learning over the past two days that numerous applicants for the two city retail permits had not been scored properly by HdL Companies. Some expressed concerns that the staff's scoring of the applicants may also be tainted in terms of community perception and potentially among some applicants due to an HdL Companies representative serving as a moderator asking set questions to all applicants during staff interviews.

"This is very upsetting," Councilwoman Catherine Moy said early in the discussion. She later indicated her belief that HdL had "poisoned" the process. "I'm outraged," she said.

"This is stunning. It truly is," Councilman Chuck Timm said. He said he wants to learn – and expects to learn – more in coming days and weeks about how the HdL scoring errors occurred so he can explain the situation to members of the community.

"I am also mortified," Councilwoman Pam Bertani said of the HdL situation. She described it at one point as a "gigantic mishap."

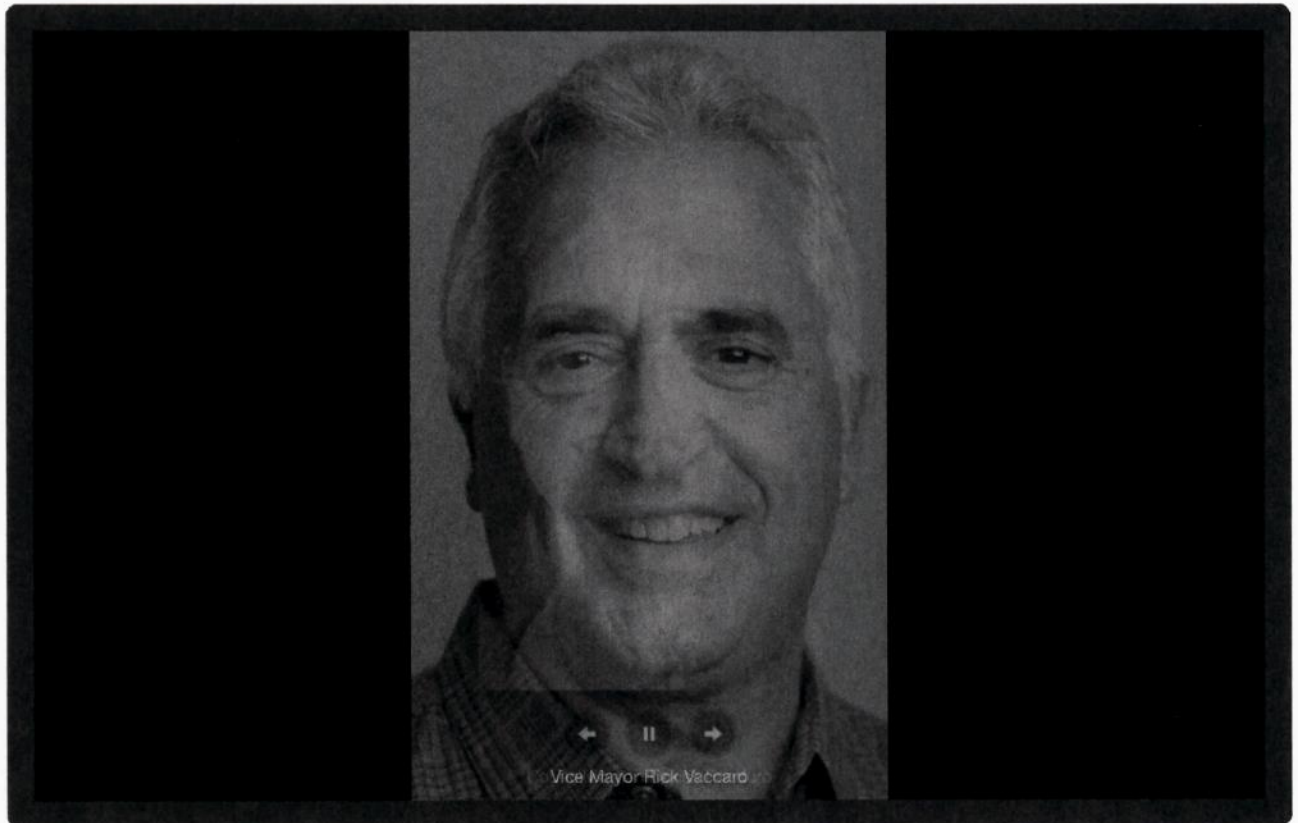
Bertani ultimately was the lone dissenter among the seven council members – but not because she wants to continue with HdL. Her "no" vote was based on her stated belief that the future interviews of all 14 applicants for the two retail permits should not occur at special meetings, but on regular council meetings starting May 4.

She said conducting the interviews during special meetings may not allow for full public participation in the process.

Bertani also advocated for a deliberative process as the city and the council move forward.

"This is now in our laps," she said. "This is a job interview, and a lucrative one."

"We're the judge and the jury. We need to get this right," she said. "I feel for us. I feel for the applicant. I serve the community," she said later.



All five applicants for the retail permits scored above 91% on the city's evaluation scale that was scrapped Tuesday night. The scores were based on a review of the applicants by the company hired to help the city with the permitting process, and by city staff.

The city in a staff report has estimated that if the council were to issue two retail and one manufacturing commercial

cannabis business permits, the tax revenue generated would be between \$265,000 to \$385,000 annually. The estimate in the staff report assumes an average of \$3 million in gross receipts for two retailers and \$1 million for a manufacturer.

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Glen Faison joined the Daily Republic as managing editor in September 2009. He previously worked as a reporter and editor for daily and weekly newspapers in the San Joaquin Valley for 20-plus years. His experience includes time as editor of the Golden Eagle, a military paper serving the Lemoore Naval Air Station. He graduated from Fresno State University with a bachelor's degree in journalism and bleeds Bulldogs red. He is an avid fan of the NFL's Washington team. He's a member of the Fairfield-Suisun Twilight Rotary Club and served for seven years as a board member for the Solano County Library Foundation. He married his wife, Jill, in 2005, and has three children: Courtni, Tyler and Hayli.

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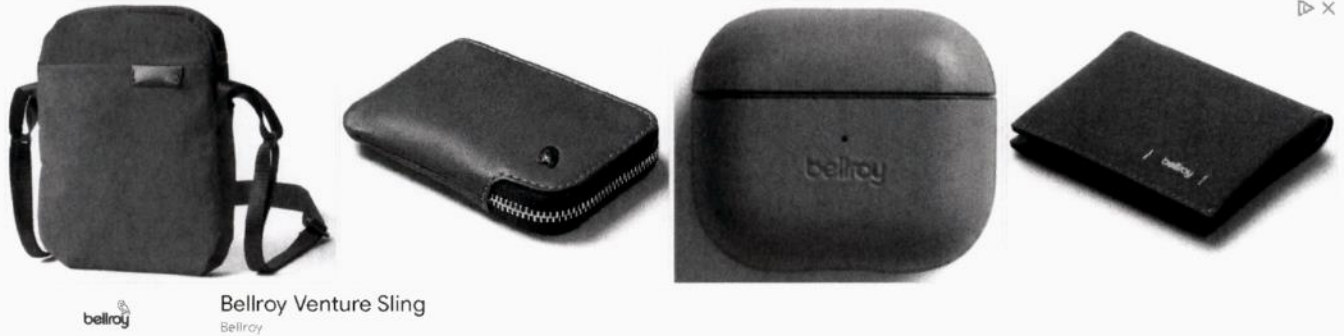
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CHULA VISTA

Chula Vista faces a third cannabis dispensary lawsuit



(The Associated Press)

Companies claim the city didn't follow its own rules and unfairly rejected their applications.

BY GUSTAVO SOLIS
NOV. 30, 2020 11:04 AM PT

In what appears to be a growing trend, a third marijuana dispensary is suing Chula Vista.

All three lawsuits have been filed by companies whose applications for a cannabis business license were rejected. The lawsuit essentially says that Chula Vista's licensing process was "arbitrary and capricious," that the city failed to

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follow its own rules and unfairly rejected the applications.

Each lawsuit asks a judge to order Chula Vista to refrain from issuing any licenses to marijuana dispensaries until the city re-evaluates their applications -- a process that threatens to halt a licensing process that has taken nearly two years.

Chula Vista Cannabis Village, which filed its lawsuit Nov. 16, is the latest company to sue the city this month. Caligrown and Urbn Leaf were the first and second companies to sue.

Ken Sobel, a lawyer and Cannabis Village's owner, sued on behalf of the company. In the complaint, he says Chula Vista failed to follow its own rules to determine who gets a business license, and a consulting company used by Chula Vista to score applicants also didn't follow the city's rules.



"The city contravened its own ordinance and regulations when it inexplicably refused to consider all of the information contained in CVCV's license applications," Sobel wrote.

In 2018, the City Council passed a rigorous two-phase application process intended to ensure that only the best applicants were awarded licenses, and anyone with a criminal history could not be involved in a legal cannabis business.

Phase one involved meeting a set of minimum



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May 8, 2022

qualifying criteria, background checks and a merit-based scoring system. Chula Vista has a cap of eight dispensary licenses, and it received 84 storefront retail applications.

Only the top point-getters from phase one would move on to phase two.

To date only one company, Grasshopper Delivery, has gone through the entire licensing process and started to legally operate in Chula Vista. That company got a delivery business license, which is different than the storefront retail licenses dispensaries apply for.

Cannabis Village says the merit-based system was too vague and arbitrary. For example, despite the fact that all of the company's principals have years of experience in the cannabis industry, its application only scored 125 out of 150 in its Experience category and were not told the reason behind the 25-point reduction, according to its lawsuit.

Additionally, the company was deducted 28.5 points from the Operating Plan portion of its application and not told why. Sobel was particularly confused by this because former San Diego and Chula Vista police chief David Bejarano wrote the company's security protocols himself, the lawsuit states.

During an appeal hearing, Sobel says that a consulting company hired by Chula Vista to review and score the applications didn't follow the city's grading criteria. The consultants, HdL, allegedly deducted points because of the format of the application and refused to consider supplementary information that Chula Vista had asked Cannabis Village to submit.

HdL's representative at the appeal hearing, Matthew Eaton, said he did not personally evaluate Cannabis Village's application.

Community Calendar: La Jolla meetings and more, May 12-19

PHOTO GALLERIES

CCA Boots & Bling Gala

40 minutes ago

PHOTO GALLERIES

Solana Santa Fe PTO Silver and Gold Donor Appreciation Party

46 minutes ago

PHOTO GALLERIES

RSF Education Foundation holds annual Art Auction fundraiser

51 minutes ago

PHOTO GALLERIES

RSF Tennis Club hosts 'Hacienda Resort Tennis Fiesta'

58 minutes ago

PHOTO GALLERIES

Cinco de Mayo fun at RSF Golf Club

1 hour ago

NEWS

Photo gallery: Jewish Family Service gala fills La Jolla with 'Heart & Soul'

1 hour ago

NEWS

R. Roger Rowe seventh grader goes on Honor Flight with WWII veteran

2 hours ago

LIFESTYLE

Adopt a Family gathers for annual spring boutique

2 hours ago

SPORTS

Torrey Pines boys lacrosse helping others off field

2 hours ago

“In fact, he testified that his company diluted the experience component in the contravention of the rules, and completely failed to consider the Supplemental Information submitted by CVCV at the request of the city in preparation for the interview,” the lawsuit states. “Such testimony by Mr. Eaton reveals his ignorance of the facts, and the arbitrary handling of the evaluation process by HdL’s assigned clerk.”

Caligrown made similar allegations in its lawsuit against Chula Vista, specifically that the consultants judged its application on form rather than substance and that Eaton did not personally score the application.

Ultimately, Chula Vista denied Cannabis Village’s appeal. Because the company has no other avenues, it decided to sue.

Eaton declined to comment on this story, as he has done with previous stories about other lawsuits.

The San Diego Union-Tribune reached out to the Chula Vista’s mayor and City Council, all of whom ran for public office on a platform that they would make the city more attractive to new businesses.

Councilman Mike Diaz declined to comment. Mayor Mary Casillas Salas and Councilman John McCann did not respond to requests for comment.

Through his spokesman, Councilman Steve Padilla was unable to comment Wednesday because he needs, “to get an updated briefing from his staff on this.”

In May, Padilla was frustrated by how long it was taking the city to process cannabis business license applications and threatened to ask “tough questions” unless something changed.

"I'm going to begin, if necessary — I hope everyone is listening — to start asking a lot of tough questions in a more public way very soon if things don't start moving along more quickly," he told the City Council in May. "I'm aware of what's going on behind the scenes. It's just not something that's tolerable."

To date, Padilla has not followed up on the statement to ask tough questions in a more public way.

Councilwoman Jill Galvez, who was not on the City Council when the marijuana ordinances were passed, criticized the licensing process. She knocked the City Council's decision to change the selection process from a lottery system, which is designed to limit the risk of litigation from rejected applicants, to a merit-based system, which gives the city more control over whom to award licenses to.

"A can of worms was opened when the language of the ordinance was changed from lottery to merit-based," she said.

City Attorney Glenn Googins did not respond to a request to comment on this specific lawsuit or the larger issue in general.

CHULA VISTA TOP STORIES SOUTH COUNTY



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Gustavo Solis