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MEMORANDUM

DATE: October 13, 2020

To: Select Board

FROM: James Freas, Director of Community & Economic Development
Marijuana Establishments RFI Review Group

RE: Retail Marijuana Recommendations and Ranking

Meeting Date: October 14, 2020

The following memo provides the Staff Review Group (Review Group) recommendations and respondent ranking for the eight submitted responses to the Adult-Use Marijuana Establishments Request for Information (RFI) for Retail Marijuana establishments. The RFI directs the Review Group to offer recommendations as to which respondent(s) meet the minimum criteria to be recommended to the Select Board for negotiation of a Host Community Agreement. The Select Board makes the final decision on companies they wish to open negotiations. The Review Group conducted a detailed analysis of the responses and assessed them against the review criteria provided in the RFI. A description of this process and the resulting conclusions are provided below.

Review Group Process

The Select Board established the review process for potential marijuana establishments in Natick in the Marijuana Establishment RFI. For adult-use retail establishments, the deadline for submission was June 8, 2020. The Review Group began reading the submitted documents and met in June and July to discuss their findings. Based on review of the written materials and these discussions, the Review Group selected five of the companies to interview. The interviews were conducted on August 17, 2020 and were done in person (except one out of state company participated by Zoom). Due to the limitations imposed by the COVID pandemic, the companies were limited to no more than three participants, a restriction that was also placed on the Zoom interview for consistency. Following the interviews, the Review Group selected three companies to host community meetings.

After the community meetings, the Review Group met to begin a detailed review of the submitted materials and their findings. Outlined in the RFI, the Review Group is providing their resulting recommendations and ranking.

Recommendations

The RFI directs the Review Group to recommend, “whether a Respondent has met the minimum criteria to be recommended to the Board for negotiation of a Host Community Agreement. The Review Group found that the eight respondents could be broken down into three distinct groupings based on their assigned scores. The Review Group recommends the cohort of companies in the highest scoring grouping – C3, Cypress Tree, and Revolutionary Clinics - as meeting the minimum criteria to be recommended to the Board for negotiation of a Host Community Agreement.

In making its recommendations, the Review Group considered the experience and quality of each company, their proposed location, and the benefits they offered to the Town. Consistently, the experience and quality of the company, as represented by their direct experience operating retail marijuana stores among other factors, rose to the top as an important consideration for the review group such that this score was given an extra 50% weighting. From the Review Group’s perspective, many of the Towns objectives and concerns with retail marijuana would be best addressed with a company that understands first-hand the challenges of operating such a facility as well as a company that would be responsive to working with the Town when or if an issue arose.

Complete Rankings

Retail Establishment	Address	Rank	Score
Cypress Tree	321 Speen	1	30.5
C3 Industries	42 Worcester	2	30
Revolutionary Clinics	6 Worcester	3	28
Justice Grown	95 Worcester	4	24
ReLeaf Alternatives	291 Worcester	5	23
Phytotherapy	45-61 Worcester	6	20.5
Royalty Group	2 Overbrook Terr	7	11.5
Strain	None provided	8	--

The review criteria presented by the Natick Adult Use Marijuana Establishments RFI have been placed into three categories – 1. Experience and Quality of the Company (weighted at x 1.5); 2. Suitability of the Location; and 3. Consistency with Town policies and goals. The scoring uses a 1 to 10 scale, with 10 being the higher score. The following assessments detail how the Review Group scored the respondents on these categories.

Cypress Tree – 321 Speen Street – Ranked #1

Cypress Tree Management is a Massachusetts company based in Boston. They have a retail location under construction in Newton and in the Fenway neighborhood of Boston. Cypress Tree is also constructing a cultivation and manufacturing facility in Franklin.

Experience and Quality of the Company

With three retail facilities and one cultivation/manufacturing facility at various stages of licensing, construction, or opening, the company is experienced in the Massachusetts licensing system. Further, the experience of the founding board members in finance, commercial real estate development and operations, and creating and operating a successful restaurant chain represent a range of applicable skills. Finally, the company includes a highly experienced retail marijuana manager in the company's executive suite. The company's security plan is consistent with industry and Massachusetts standards, though the plan will require the submission of more site specific details when/if the application proceeds. Overall, the respondent's proposal demonstrates that the company has a clear and realistic sense of the market in Natick, the financial and experiential capacity to complete the project, and an acceptable timeline for opening a facility given state and local requirements. In particular, the review group appreciated the company's focus on educating the consumer.

Score – **10.5 (7)**

Suitability of the Location

Cypress Tree is proposing to lease approximately 5,000 square feet towards the back of the Cloverleaf Shopping Center on Speen Street. The location has ample parking and, as it is located in a regional shopping destination, has ready customer access and limited potential for additional traffic impacts. The applicant has described a good plan for managing large customer numbers. There are no other retail marijuana respondents for this area of Natick.

Score – **10**

Consistency with Town Policies and Goals

Cypress Tree's RFI response made clear commitments to the Town in terms of municipal benefits. These included offering community impact fees of 3% of gross revenues and an annual financial contribution of \$2,500 per year to local charitable organizations or non-profits with this number increasing by 5% each year. The company also indicated local hiring and purchasing policies. The company described a robust diversity hiring plan as well as a strong sustainability plan for construction, operations, and purchasing.

Score - **10**

Total – 30.5

C3 Industries – 42 Worcester Street – Ranked #2

C3 Industries is a multi-state operator based in Ann Arbor, Michigan with licenses held in Massachusetts, Michigan, Missouri, and Oregon. The company's portfolio includes cultivation, manufacturing, and retail establishments (12 locations). In Massachusetts, the company holds a provisional license for a cultivation and processing facility now under construction in Franklin.

Experience and Quality of the Company

C3 has clear experience and familiarity in commercial cannabis ventures generally and with the Massachusetts licensing process with multiple operating processing and retail facilities in four

states including Massachusetts. C3 is currently advancing four licensing efforts in Massachusetts, in Boston, Berlin, Franklin, and Natick. The company's security plan is consistent with industry and Massachusetts standards, though the plan will require the submission of more site-specific details when/if the application proceeds. Overall, the respondent's proposal demonstrates that the company has a clear and realistic sense of the market in Natick, the financial and experiential capacity to complete the project, and an acceptable timeline for opening a facility given state and local requirements.

Score – **12 (8)**

Suitability of the Location

C3 Industries is proposing to lease approximately 2,800 square feet and has immediate access to a parking field of approximately 30 parking spaces where zoning would require 12. The review group considers the location good in part because it has no immediate residential neighbors due to the presence of Jennings Pond behind the existing commercial building and no direct roadway access to a residential street. Further, customers of the store are unlikely to cut through adjacent neighborhoods to access the site, though the Planning Board will review in detail any potential traffic issue through the special permit process. Multiple retail RFI respondents are proposing locations at this eastern end of Worcester Street.

Score – **8**

Consistency with Town Policies and Goals

C3's RFI response made clear assurances to the Town in terms of municipal benefits. These included an up-front commitment to community impact fees of 3% of gross revenues and an annual financial contribution of \$25,000 per year directed towards police equipment, open space/recreation needs, and/or transportation infrastructure. The company also indicated local hiring and purchasing policies. The RFI response also described the company's environmental sustainability policies as they relate to designing their retail space, operating the establishment, and sourcing packaging and products. The company also has a diversity plan with respect to their hiring and human resource policies.

Score – **10**

Total – 30

Revolutionary Clinics / Nine East Wine Emporium – 6 Worcester Street – Ranked #3

Revolutionary Clinics is a Massachusetts company based in Andover. They have two retail/medical locations in Cambridge and Somerville. Revolutionary Clinics also operates a cultivation and manufacturing facility in Fitchburg.

Experience and Quality of the Company

With two operating medical/retail establishments as well as an operating cultivation/manufacturing facility, the company is clearly experienced in the marijuana business and the Massachusetts licensing process. The company's security plan is basic but consistent with industry and Massachusetts standards, though the plan will require the submission of more site-specific details when/if the application proceeds. Overall, the respondent's proposal

demonstrates that the company has a clear and realistic sense of the market in Natick, the financial and experiential capacity to complete the project, and an acceptable timeline for opening a facility given state and local requirements.

Score – **12 (8)**

Suitability of the Location

Revolutionary Clinics is proposing to occupy approximately 4,650 square feet and has immediate access to a parking field of 36 parking spaces where zoning would require 19. The company has proposed employee parking off-site. Though there are trees and other screening vegetation, the proposed establishment abuts residential property and sits on a corner lot with a residential street. There is the potential for cut-through traffic, though any potential traffic issue will be further explored and mitigated through the special permit process. Multiple retail RFI respondents are proposing locations at this eastern end of Worcester Street.

Score - **6**

Consistency with Town Policies and Goals

Revolutionary Clinics offered an up-front assurance of a community impact fee of 3% of gross revenues in its RFI response. The company also offered annual payments of \$30,000 to three identified non-profit/charitable organizations and committed to local hiring. The company did submit strong diversity and sustainability plans.

Score - **10**

Total - 28

Justice Grown – 95 Worcester – Ranked #4

Justice Grown (Seven Point of Massachusetts, Inc) is a multi-state operator based in Chicago with licenses and facilities in California, Pennsylvania, New Jersey, Missouri, Michigan, Maryland, Illinois, and Utah. These facilities include cultivation, processing, retail, and medical. They have two medical/adult use locations in process in Massachusetts in Gardner and Middleborough.

Experience and Quality of the Company

With multiple national locations and two Massachusetts locations, the company is clearly experienced in the industry and in Massachusetts licensing. The company's security plan is consistent with industry and Massachusetts standards, though the plan will require the submission of more site-specific details when/if the application proceeds. Overall, the respondent's proposal demonstrates that the company has a clear and realistic sense of the market in Natick, the financial and experiential capacity to complete the project, and an acceptable timeline for opening a facility given state and local requirements.

Score – **12 (8)**

Suitability of the Location

Justice Grown is proposing to lease approximately 3,500 square feet at 95 Worcester Street and 5 Whittier Street, including 30 parking spaces on the two properties where the Zoning Bylaw

would require 14. The location is a corner lot with a residential street. The Review Group expressed concern that customers arriving from the east may seek to cut through the adjacent neighborhood in order to get to the signalized intersection at Oak Street. The only other option available to such customers would be to cut across two lanes of traffic to enter the left turn lane in order to make a U-turn at Oak or to go further west in order to turn around (the Review Group understands that this is an existing issue for any use of this property). The establishment would be directly adjacent to the residential neighborhood. Multiple retail RFI respondents are proposing locations at this eastern end of Worcester Street.

Score – 6

Consistency with Town Policies and Goals

Justice Grown did not include a monetary commitment in its RFI response. The company did submit very strong diversity and sustainability plans.

Score - 6

Total - 24

ReLeaf Alternatives – 291 Worcester Street – Ranked #5

ReLeaf Alternatives is a Massachusetts company based in West Bridgewater. The company has no existing locations operating or in the licensing process, though one member of the board has a provisional license for a retail marijuana establishment in Mansfield.

Experience and Quality of the Company

ReLeaf does not have direct experience as a company in the retail marijuana business and the proposed Natick location would be their first in the Massachusetts licensing process. The company's board demonstrates a depth of experience in starting and operating a range of businesses from food services to real estate and car sales as well as retail marijuana as noted above. There did not appear to be anyone on the team with significant experience running an adult-use marijuana facility. The company does not have its own cultivation/manufacturing facility but has an agreement to purchase product from an existing facility. The company's security plan is consistent with industry and Massachusetts standards, though the plan will require the submission of more site-specific details if the application proceeds. The company presented evidence that the proposal is financially viable and presented an acceptable timeline, but lacked evidence of experience opening a successful retail marijuana establishment.

Score – 6 (4)

Suitability of the Location

ReLeaf is proposing to occupy approximately 1,280 square feet and has immediate access to a parking field of 48 parking spaces where zoning would require 6. The respondent will also have off-site parking for employees. The location is good with no immediate residential neighbors due to the presence of wetlands behind. Customers of the store are unlikely to cut through an adjacent neighborhood, though any potential traffic issue will be further explored and mitigated through the special permit process. There are no other retail marijuana respondents in this area of Worcester Street.

Score – 8

Consistency with Town Policies and Goals

ReLeaf’s RFI response included an offer to match any other proposal. The company also offered an annual financial contribution of 1% of gross revenues per year to local charitable organizations or non-profits along with 150 hours of community service. The company indicated local hiring and purchasing policies. The company described a diversity hiring plan as well as a sustainability plan for construction and operations.

Score – 9

Total - 23

Phytotherapy – 45-61 Worcester – Ranked #6

Phytotherapy is a Massachusetts company based in Peabody but proposing to base in Natick. They have a medical marijuana location under construction in Peabody and a cultivation and manufacturing facility in Medway.

Experience and Quality of the Company

While Phytotherapy has only two locations in the licensing process, a medical and a cultivation/manufacturing, the company’s board demonstrates a depth of applicable experience in health care, real estate, food services, and other small businesses, all with a clear entrepreneurial focus. However, there did not appear to be anyone on the team with significant experience running an adult-use marijuana facility. The company’s security plan is consistent with industry and Massachusetts standards, though the plan will require the submission of more site-specific details when/if the application proceeds. The proposed retail facility is significantly larger than that of any other proposed facility in the Natick market, even excluding the proposed office space, which raised questions as to whether this size of a facility would be supportable in the long term as more retail marijuana establishments open in the greater MetroWest area. The company appears financially capable of completing the project and presented an acceptable timeline.

Score – 7.5 (5)

Suitability of the Location

Phytotherapy is proposing to lease approximately 27,000 square feet, with approximately 9,700 for retail sales, 12,700 for office space, and 4,600 for storage. The proposed 95 parking spaces substantially exceeds the parking requirements of the Zoning Bylaw. The location is a corner lot with a residential street, though that street does not connect through so would not create a cut-through opportunity. Multiple retail RFI respondents are proposing locations at this eastern end of Worcester Street.

Score - 8

Consistency with Town Policies and Goals

The company proposed to negotiate a payment to the Town of up to 3% as related to costs imposed upon the municipality by the operation of the marijuana establishment. They also

proposes to partner with local non-profit organizations with funding or volunteers. The company did submit diversity and sustainability plans.

Score - 5

Total – 20.5

Royalty Group – 2 Overbrook Terrace – Ranked #7

Royalty Group is a Massachusetts company based in Boston. The company does not have any existing locations operating or in the licensing process.

Experience and Quality of the Company

Royalty Group does not have direct experience as a company in the retail marijuana business and the proposed Natick location would be their first in the Massachusetts licensing process. The board members of the company appear to have some applicable experience in various businesses, including some in the marijuana industry. The company's security plan is basic but consistent with industry and Massachusetts standards, though the plan will require the submission of more site-specific details when/if the application proceeds. The company has the financial capacity to complete the project and an acceptable timeline, but lacks experience opening such a facility.

Score – **4.5 (3)**

Suitability of the Location

Royalty Group is proposing to lease the building at 2 Overbrook Terrace. Though the size and amount of parking are unstated, Town records would indicate that the building is approximately 5,000 square feet. Aerial images show 13 parking spaces. If the square footage of the building is accurate, than the Zoning Bylaw would require 20 parking spaces. The proposed location is on a corner lot with a residential street and abuts a residential building. The use is unlikely to generate cut-through traffic as the residential street is not a through street. Multiple retail RFI respondents are proposing locations at this eastern end of Worcester Street.

Score – 3

Consistency with Town Policies and Goals

Royalty Group did not include a monetary commitment in its RFI response. The company did submit diversity and sustainability plans. In addition, the company described a plan to create a marijuana business incubator program for economic empowerment and social equity start-up companies.

Score - 4

Total – 11.5

Strain – No location – Ranked #8

Strain is a Massachusetts company based in Boston. The company does not have any existing locations operating or in the licensing process. The company qualifies as a social equity

applicant. The Review Group found this RFI response to be incomplete based on the lack of an identified location.

Next Steps

The Select Board has the responsibility of selecting up to two of the respondents with which to open negotiations of a Host Community Agreement. Consistent with the process recently enacted to negotiate a Host Community Agreement with a marijuana lab/testing facility, the Select Board would vote to authorize the Town Administrator to establish a negotiating team for each selected retail marijuana establishment. The Select Board would also vote to identify one member of the Board to be a member of a team. A negotiating team would then bring draft Host Community Agreements to the Select Board for review and approval.

Should the Select Board decide they would like to select a company that has not completed a community outreach meeting, they may wish to consider deferring voting until that company has had an opportunity to conduct such a meeting. This will afford the company and the community an opportunity to learn more about the project and potential community concerns, and provide similar feedback to the Select Board on the selected proposal.

Upon completion and execution of a Host Community Agreement, each company will need to obtain a special permit from the Planning Board per the Natick Zoning Bylaw. The Planning Board's review process focuses on the land use issues typical of site plan review, including traffic, landscaping, lighting, and parking. In addition, the special permit process reviews the project in detail, including for such items as the security plans, energy use, and sustainability.