

Susanna Puntel Short



- Mom
- Morris County Resident & Active Community Member
- Cannabis Industry Consultant
 - Public Policy + Business Strategy
 - Assist with strategy for executive leadership teams, application assistance, government and regulatory affairs, municipal approvals and relations, operations, corporate social responsibility initiatives, and compliance
- NJ Cannabis Trade Association, President and Co-Founder
- Previous Roles: community organizer, high school religion teacher, test prep and college admissions strategist / business owner, insurance executive and agency owner
- Not an attorney!

State of the State: Licensing Landscape

NJ CRC Applications Submitted and Approved



Licensing Update – Applications Submitted - as of August 29, 2023

- **Total 2,214 applications submitted**
- 1,440 applications have been approved
- 167 applications under review in the Office of Licensing
- 324 applications are pending resubmission following cure
- 140 applications under review in the Office of Compliance and Investigations
- 358 conditional conversions have been submitted



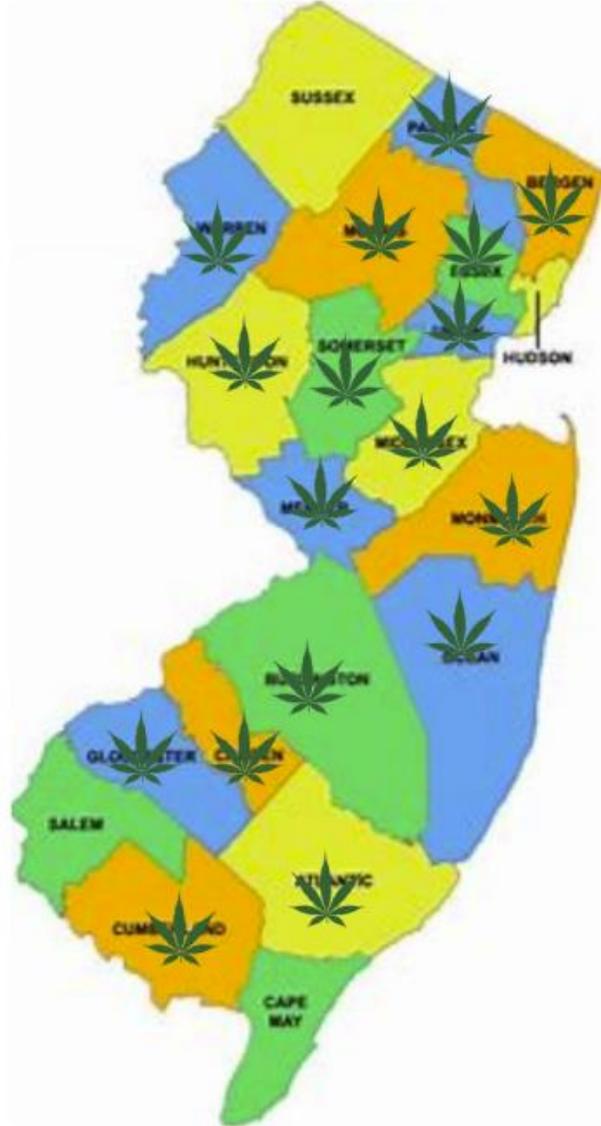
Licensing Update: Total Licenses Approved - as of August 29, 2023

- **1208 Conditionals**
- **135 Conversion to Annual**
- **97 Annuals**
- **55 Expanded ATCs**
- **Total: 287 operating licenses awarded or issued**



Updates on Dispensary Openings

**More than
45 open
dispensaries
open in 18
counties.**

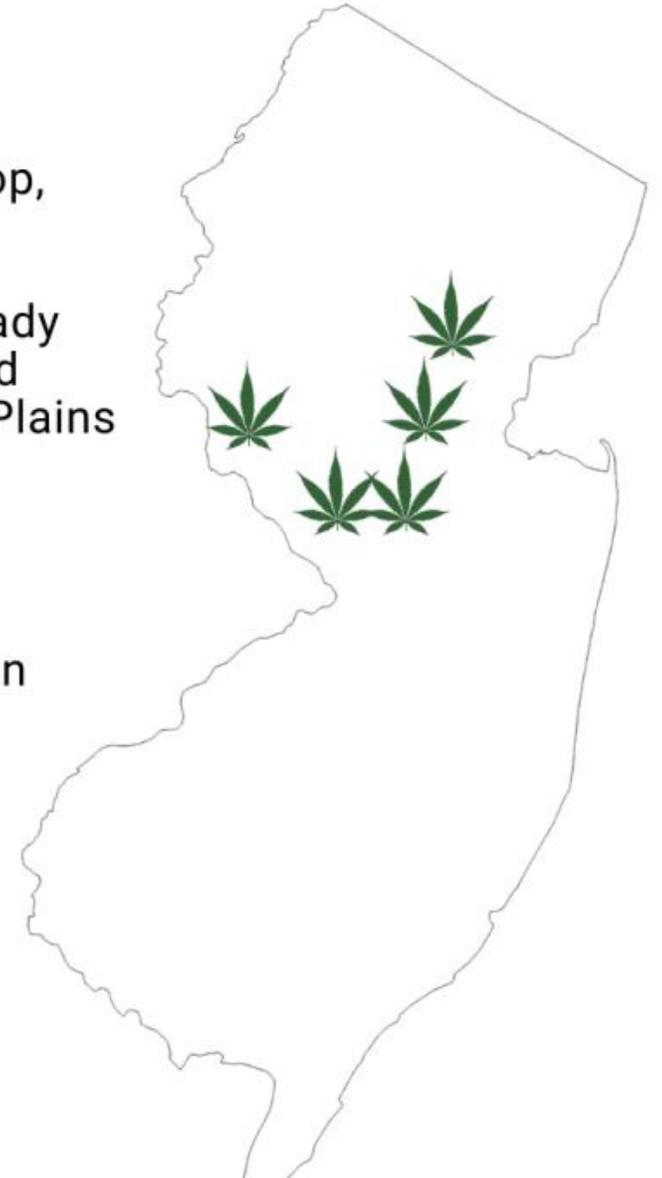


New Recreational-only Dispensaries

- Unity Rd. Cannabis Shop, Somerset
- Puffin, New Brunswick
- Elevated Cannaboss Lady Dispensary, Maplewood
- A21 Wellness, Scotch Plains

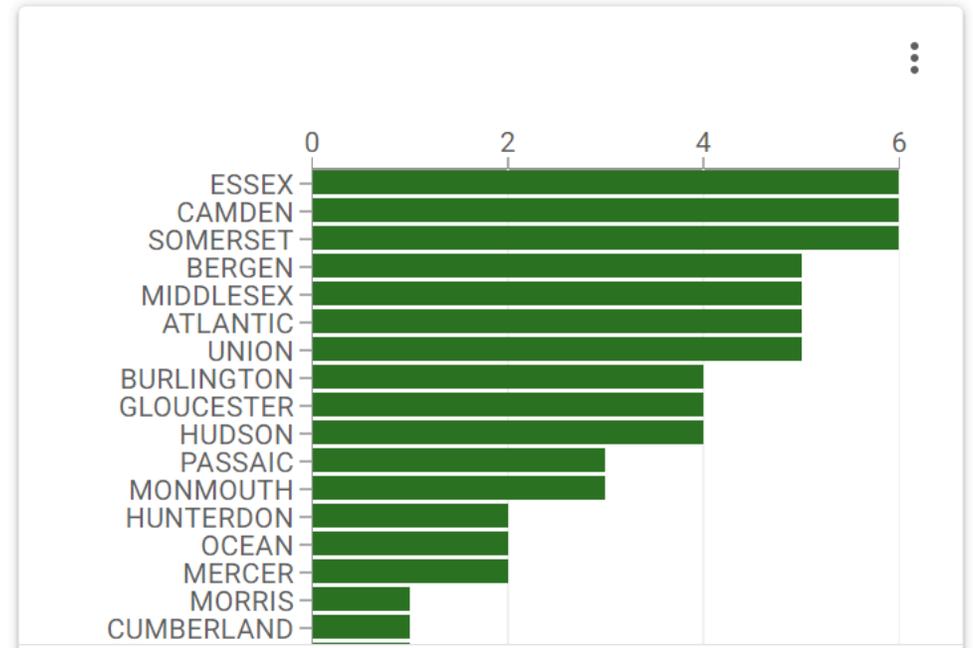
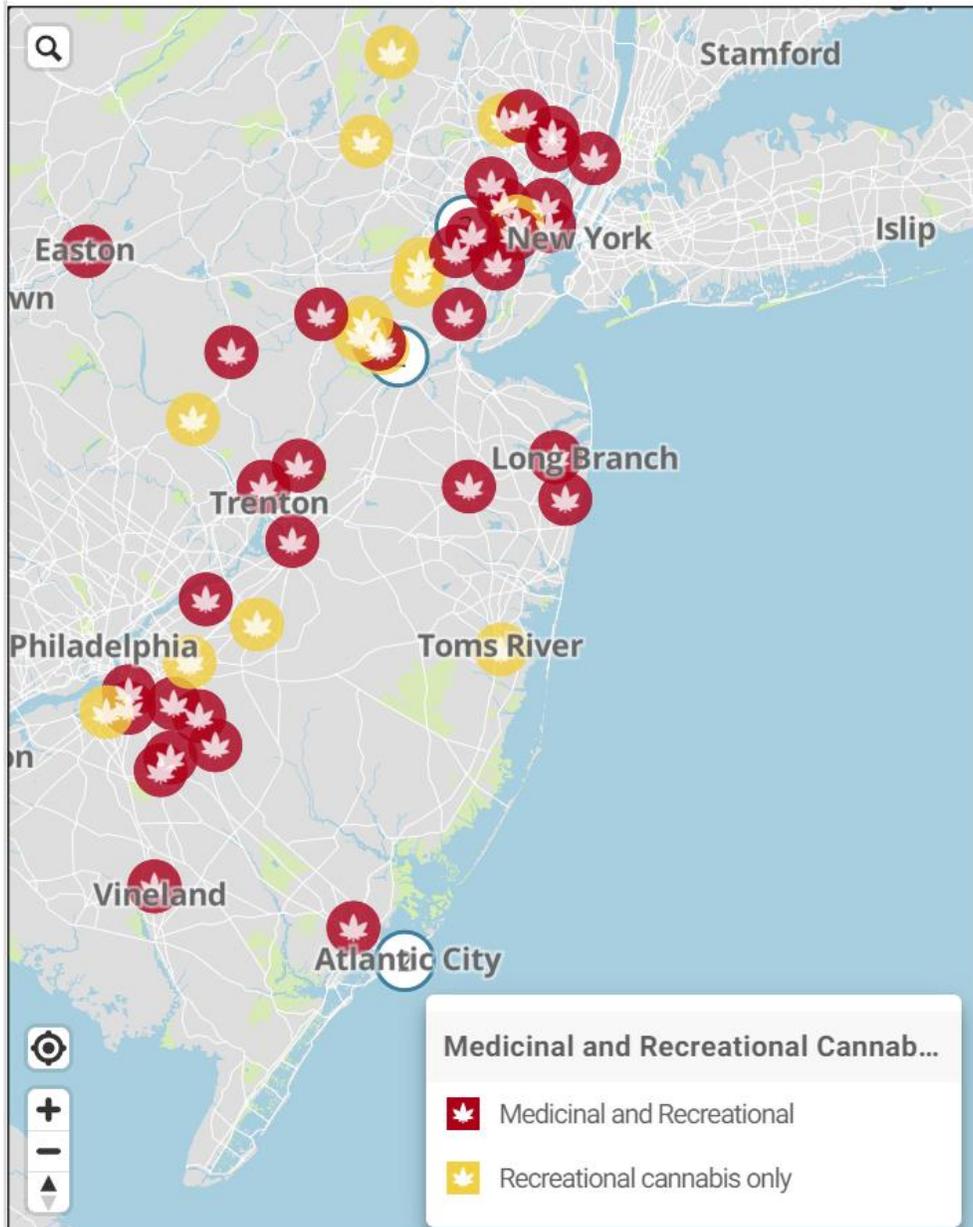
New Expansions into Recreational

- Aunt Mary's, Flemington



Current OPEN Dispensaries

Dispensaries By County



Closest dispensary to Morris Township:

Kind Kush (Recreational ONLY)

279 Us-46

Rockaway, NJ 07866

Cultivation / Manufacturing

FACILITY LOCATIONS:

- **Bellmawr**
- **Paterson**
- **Secaucus**
- **Franklin**
- **Ewing**
- **Cranbury**
- **Woodbridge**
- **Pleasantville**
- **Branchburg**
- **Boonton**
- **Vineland**
- **Pequannock**
- **Egg Harbor Township (2)**

Retail Dispensary Locations

- **Atco**
- **Atlantic City (2)**
- **Bellmawr**
- **Bloomfield**
- **Bordentown**
- **Cranbury***
- **Deptford**
- **Eatontown**
- **Edgewater Park**
- **Egg Harbor Twp**
- **Elizabeth**
- **Ewing**
- **Flemington**
- **Fort Lee**
- **Freehold**
- **Garfield***
- **Glassboro***
- **Haledon**
- **Harrison**
- **Jersey City (2)***
- **Lambertville**
- **Lawrence Twp**
- **Lodi**
- **Maplewood (3)**
- **Montclair**
- **Mount Holly**
- **Mount Laurel**
- **Neptune**
- **Newark**
- **New Brunswick (2)**
- **North Brunswick***
- **Paramus***
- **Paterson**
- **Phillipsburg**
- **Plainfield**
- **Raritan**
- **Rochelle Park**
- **Roselle Park***
- **Rockaway**
- **Scotch Plains**
- **Secaucus**
- **Sicklerville**
- **Somerset (3)**
- **S. Bound Brook**
- **S. Toms River**
- **Union**
- **Vineland**
- **Voorhees (2)**
- **Waretown***
- **West Milford**
- **Williamstown**
- **Woodbridge**
- **Woodbury**

*Indicates Medicinal Cannabis Only

53 Total, 6 Medicinal Only

Cultivation Facilities

- Typically converted warehouse spaces
- Greenhouses allowed but used less frequently (often to produce biomass)
- Outdoor grows allowed – municipality can prohibit, no one in NJ growing outdoors yet
- Indoor grows are energy intensive – often the power company needs to provide additional power infrastructure, has a long lead time
- “Canopy” (mature, flowering plants) was at an average of 25,000 sf per license in Feb. 2023
- Total facility size often exceeds canopy size by 2x to 4x (clones, mothers, vegetative cannabis, dry/curing rooms, trimming spaces, vaults/storage, offices, bathrooms, etc.)
- “Microbusiness” cultivators limited to 2500 sf canopy
- Six tiers of canopy sizes for standard annual licenses (2,500 to 150,000 sf)
- TOTAL FACILITY sizes range from 10,000 sf to 350,000 sf (Both extremes rare.)
- Odor mitigation considerations

**Egg
Harbor
Twp**





Vineland

Bellmawr





Ohio





































cann
systems







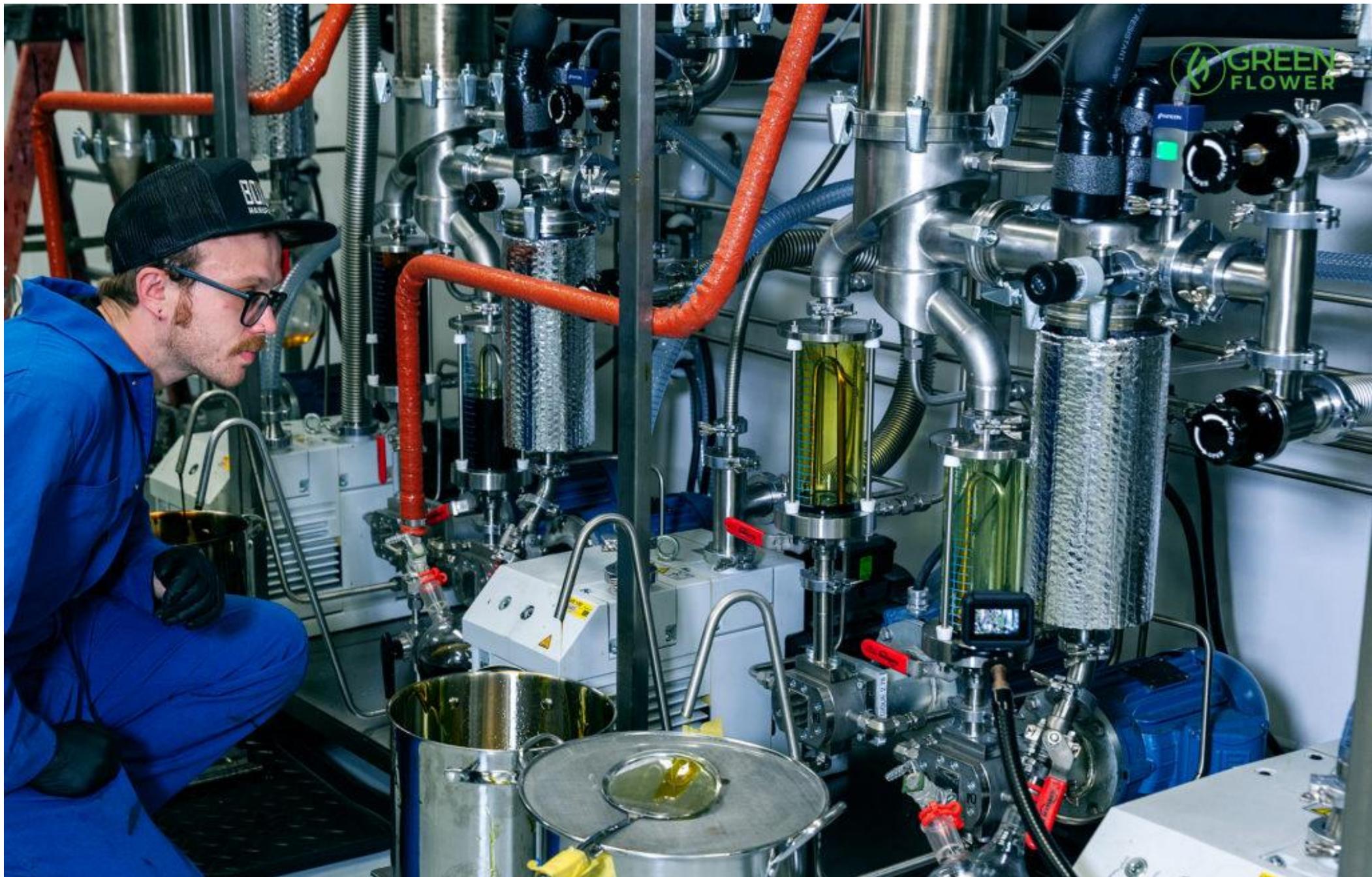


Processing / Manufacturing Facilities

- Often collocated with cultivation facility when both licenses are held by the same company (Can be standalone)
 - There have been exceptions to Drug Free School Zone requirement for cultivator/manufacturers without a dispensary
- Regulatory fee structure has two levels:
 - Below 10,000 sf facility size (Most are under 10k sf)
 - Above 10,000 sf facility size
- Equipment is similar to a laboratory, pharmaceutical facility, or commercial kitchen
- Extraction of phytochemical components done with or without solvents:
 - Ethanol, hydrocarbon (need C1D1 room), carbon dioxide
- Products made: vape, tinctures, topical creams and oils, gummies, shelf-stable food products, beverages









WARNING



CEDARSTONE
INDUSTRY



















Retail Facilities

- Size can be between 1500 sf (very small) and 5000 sf.
- 2500 – 3500 sf probably a good size for Morris Twp
- Average number of customers per day ranges depending on how established the business is and how many other retailers are in the area.
 - Newer dispensaries are seeing around 100 customers per day, while more established can hit 500-700 per day, with up to 1000 on busiest days.
 - Changing market conditions will continue to cause variation in these numbers as more doors open (probably will have around 250-350 stores at maturation)
 - Long-awaited delivery (Class 6) will likely result in fewer customers in store

Retail Facilities - Exteriors

Paterson





**Atlantic
City**



Vineland



Voorhees





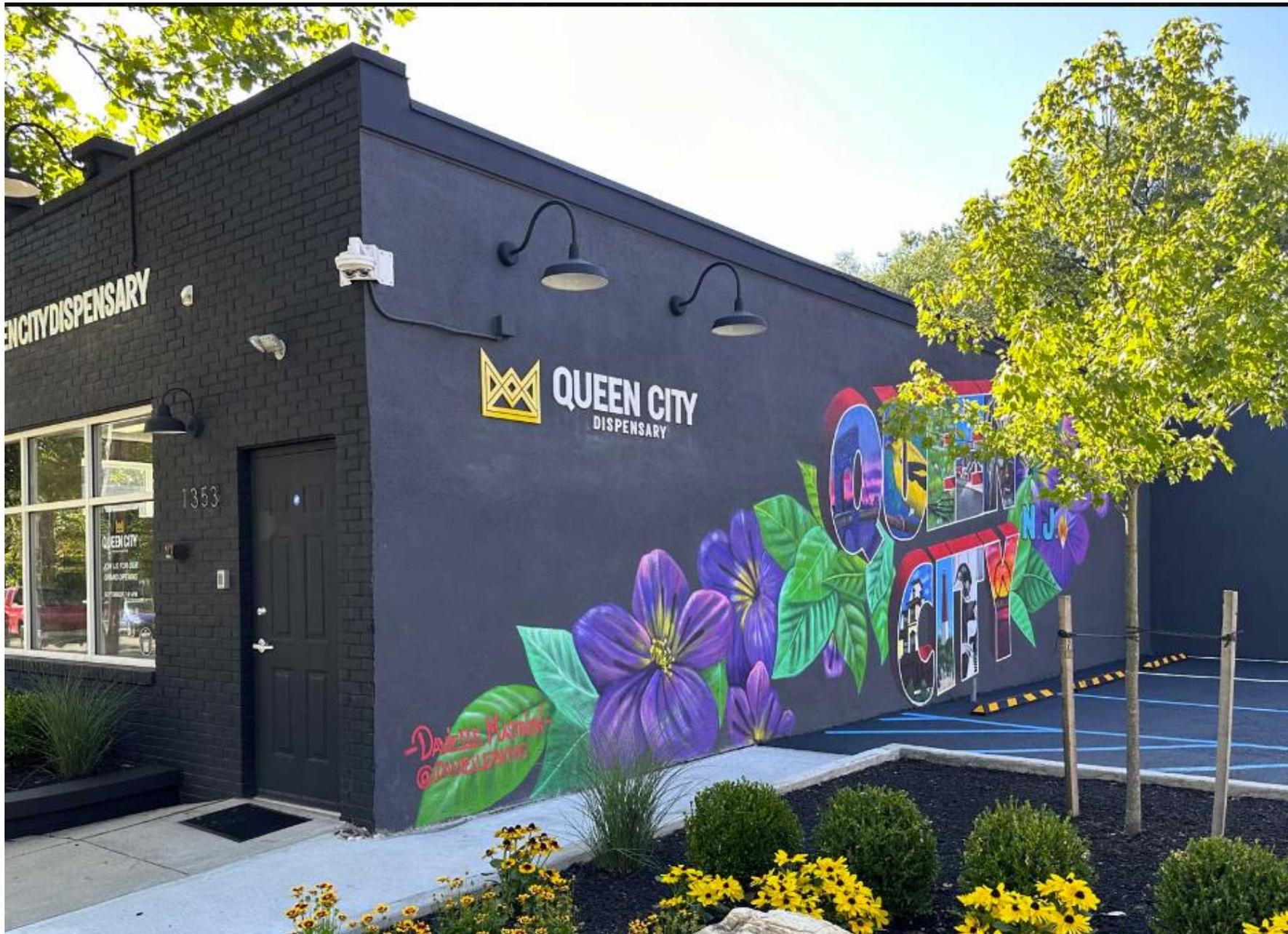
Eatontown



A photograph of a brick building with a sign that reads "BREAKWATER". The building has large windows and a central entrance. There are several trees in the foreground, including a large tree on the left and a smaller tree in the center. The lawn is green and well-maintained. There are also some blue signs in the parking area.

BREAKWATER

Cranbury



Plainfield

Freehold



Raritan



MEDA
APPLIANCE
Any Deal!

 **Valley Wellness**
DISPENSARY

NOW OPEN
Serving medical patients • Open daily 10 AM - 6 PM


407

Elizabeth





Bordentown





Woodbridge



Roselle Park





Phillipsburg

NOW OPEN - MED & REC

MPXNJ

GLOUCESTER TOWNSHIP

CANNABIS DISPENSARY

Open 7-Days A Week!

MED ONLY HOURS

MON 9am-11am & 7pm-9pm

TUE-SAT 9am-11am

MED & REC HOURS

MON 9am-11am

TUE-SAT 11am-9pm





Jersey City

CANNABIST

Allstate

CANNABIST
NOW OPEN

CANNABIST
NOW OPEN

Deptford



Lambertville



Montclair



Haledon



Lawrence Twp

Neptune



New Brunswick





Rochelle Park



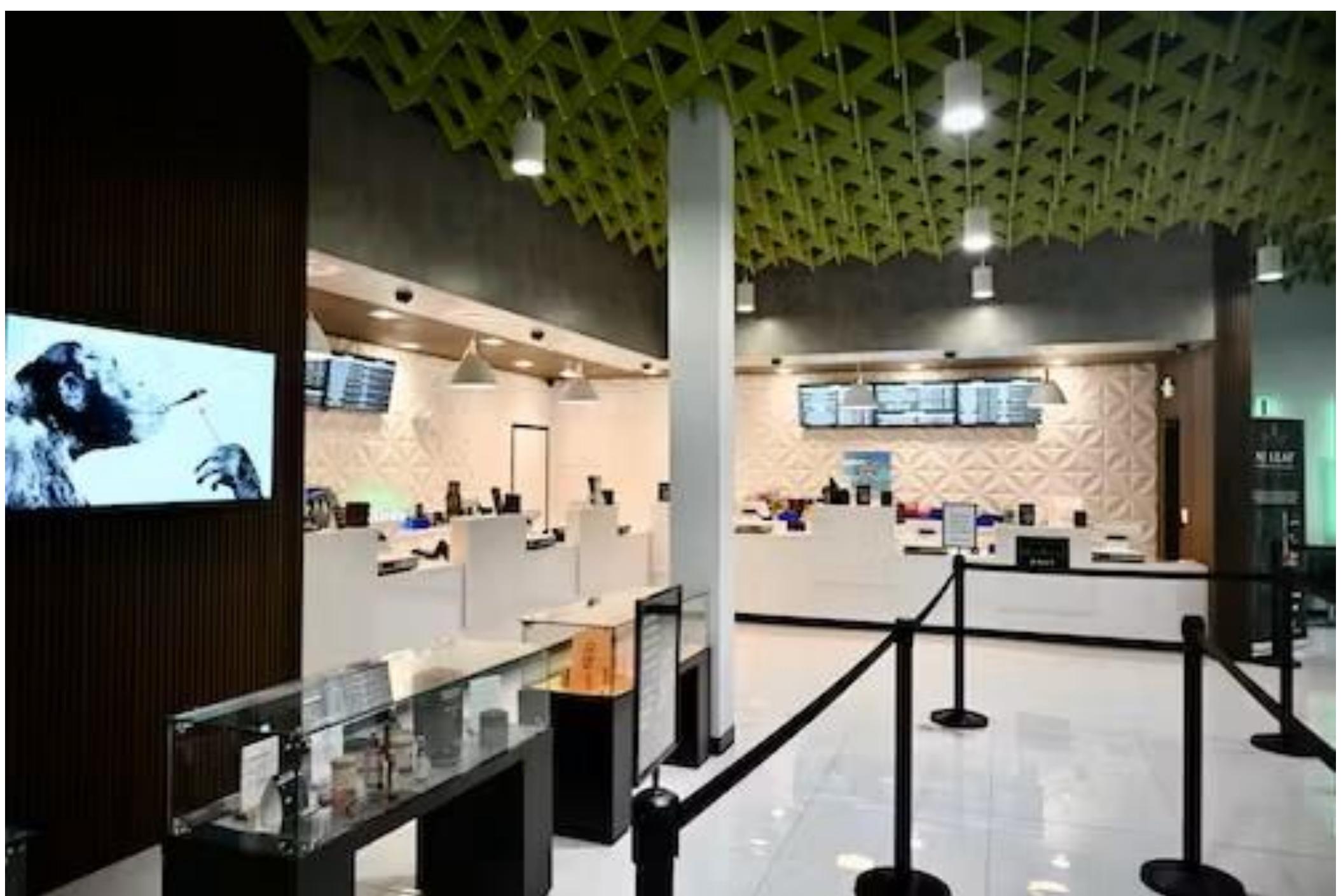
Retail Facilities – Interior Spaces









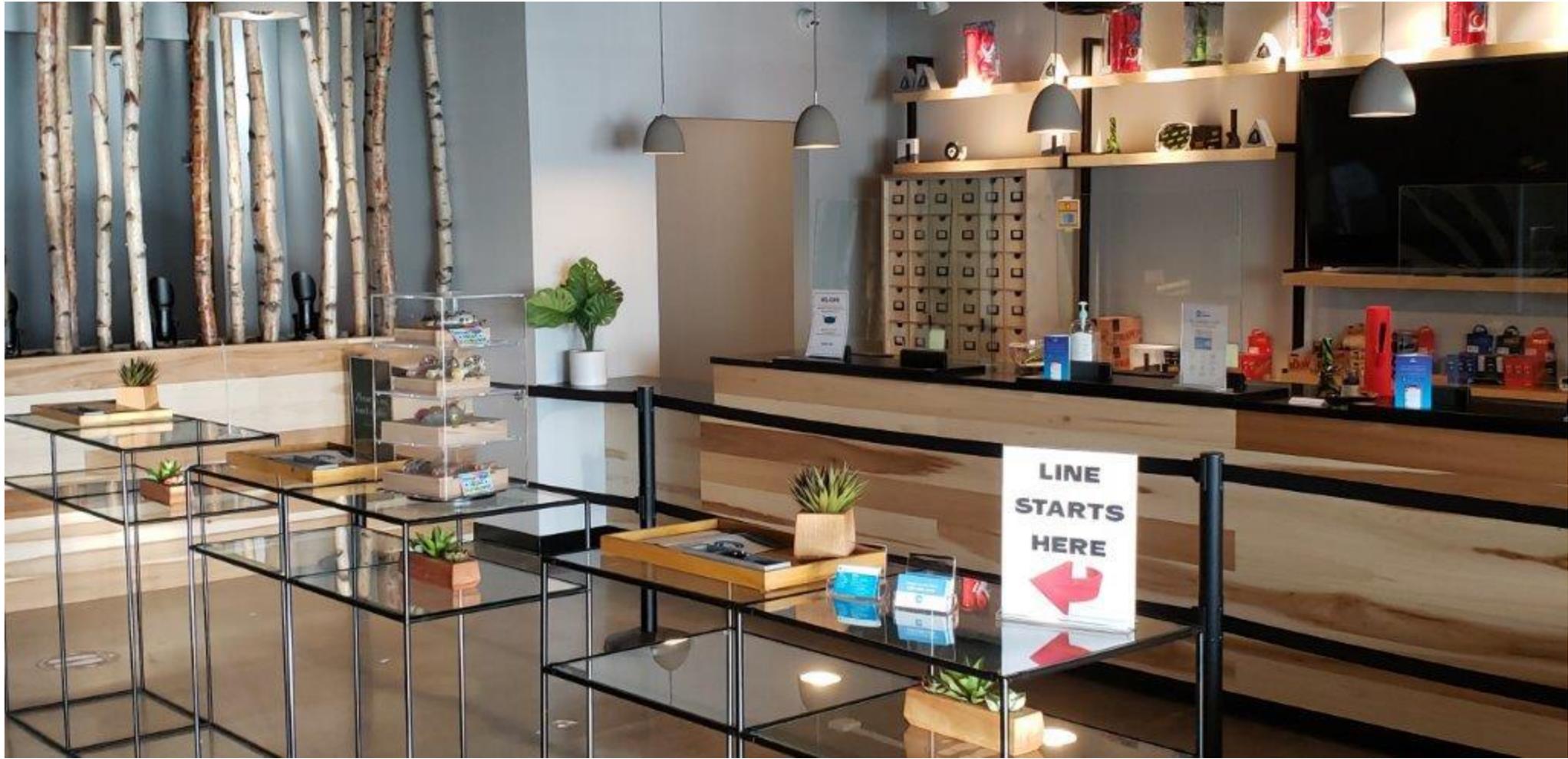




















September 17th, 2019
Memory Foundation
Pre-Rollat

Time	Event	Location	Price
10:00 AM	Rollat	Rollat	\$100
11:00 AM	Rollat	Rollat	\$100
12:00 PM	Rollat	Rollat	\$100
1:00 PM	Rollat	Rollat	\$100
2:00 PM	Rollat	Rollat	\$100
3:00 PM	Rollat	Rollat	\$100
4:00 PM	Rollat	Rollat	\$100
5:00 PM	Rollat	Rollat	\$100
6:00 PM	Rollat	Rollat	\$100
7:00 PM	Rollat	Rollat	\$100
8:00 PM	Rollat	Rollat	\$100
9:00 PM	Rollat	Rollat	\$100

Pricing

Rollat	Price
1/4 Oz Bud - \$118	
1/4 Oz Shake - \$70	
1/4 Oz - \$59	







WELCOME TO BREAKWATER

Use the QR code and make your reservation for enjoying the QR Code on your phone.

www.breakwater.com/qr-code

You will be called in the order you were checked in by the next available bartender.

BREAKWATER





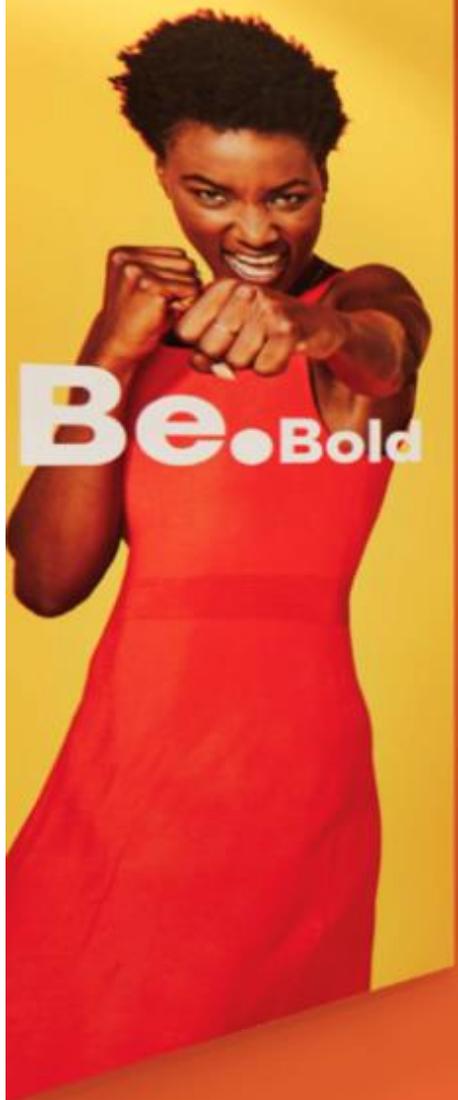












Be Atlantic City

We're a
new kind
of cannabis
store.













Municipal Cannabis Tax Revenues

Recreational Use Sales			
<u>Sales</u>	<u>Q1 2023</u>	<u>Q2 2023</u>	<u>Increase/(Decrease)</u>
Gross Sales	\$145,736,816	\$160,205,269	10%

RETAIL TAXES

- Q2: $\$160,205,269 \times 2\%$ transfer tax at retail = \$3,204,105 total municipal transfer tax collected
- Approx forty (40) open dispensaries in Q2
- $\$3,204,105 / 40 = \$80,102$ per dispensary for 3 months
- **\$320,410 municipal tax revenue per Class 5 license annualized**

WHOLESALE TAXES

- $\$160,205,269 \text{ retail sales} / 2 = \$80,102,635$ total wholesale sales
- $\$80,102,635 \times 2\%$ transfer tax = \$1,602,252 total tax revenues at wholesale
- Approximately twelve (12) Class 1 and 2 licenses in Q2 (cultivation, manufacturing)
- $\$1,602,252 / 12 = \$133,504$ per supplier for 3 mos
- **\$534,016 municipal tax revenue per Class 1&2 license annualized**

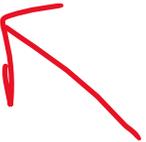
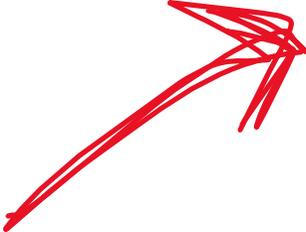
Notable:

- These are AVERAGES. Historically, there has been a wide range from the lowest to the highest revenues in the state.
 - At one point in the medical program, a single operator had about 60% market share.
 - Current canopy sizes range from about 2000 sf to over 70,000 sf.
- Supply and demand economics will dramatically impact sales numbers in years to come.
 - If canopy caps are not put in place, prices will be compressed, and market may not be viable.
 - Gross sales will increase as more access points are added, then eventually they will level off.
 - Fewer access points statewide initially result in higher individual municipal revenues. That will reduce then level off over time.
 - More access points in a single municipality do not necessarily equate to more revenue.
- We do not yet have data to project revenues for Class 4 Wholesaler licenses. Municipalities can charge a 1% tax on Class 4.

Bellmawr 2023 Budget

CURRENT FUND - ANTICIPATED REVENUES - (Continued)

GENERAL REVENUES	FCOA	Anticipated		Realized in
		2023	2022	Cash in 2022
3. Miscellaneous Revenues - Section G: Special Items of General Revenue Anticipated				
With Prior Written Consent of Director of Local Government Services - Other Special				
Items:	xxxxxxx	xxxxxxxxxxx	xxxxxxxxxxx	xxxxxxxxxxx
Utility Operating Surplus of Prior Year	08-116			
Uniform Fire Safety Act	08-106	38,772.00	37,913.00	22,484.54
Cable TV	08-117	88,073.56	89,319.93	89,319.93
Fire Safety Fees	08-106	15,000.00	15,000.00	16,209.91
Verizon Franchise Fees	08-117	54,390.72	58,950.34	58,950.34
Emergency Medical Technicians Fees	08-241	430,000.00	370,000.00	529,383.39
Payment in Lieu of Taxes	08-130	29,514.33	25,000.00	25,000.00
Reserve to Pay Debt	08-227	47,500.00	47,500.00	47,500.00
JIF/HIF Dividend	08-240		175,312.23	175,312.23
Marijuana Tax	08-228	1,000,000.00	650,000.00	1,035,534.77
Hotel Tax	08-107	70,000.00	25,970.49	78,618.93
American Rescue Plan	08-241		237,500.00	237,500.00



Bellmawr hosts one (1) established cultivator / manufacturer, and retailer. 2022 sales from 4/20-12/31

Montclair 2023 Budget

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CURRENT FUND - ANTICIPATED REVENUES - (Continued)

GENERAL REVENUES	FCOA	Anticipated		Realized in
		2023	2022	Cash in 2022
3. Miscellaneous Revenues - Section G: Special Items of General Revenue Anticipated				
With Prior Written Consent of Director of Local Government Services - Other Special				
Items:	xxxxxxx	xxxxxxxxxxx	xxxxxxxxxxx	xxxxxxxxxxx
Capital Fund Surplus	08-228		100,000.00	100,000.00
Capital Surplus (School)				
Reserve for payment of debt service (School)	08-227	199,148.89	1,051,095.00	1,051,095.00
Trust Assessment Fund Balance				
Rent Control Revenues	08-120	42,000.00		
Alarm Registration Fees	08-242	100,000.00	100,000.00	105,756.75
Penalty on Delinquent Taxes (\$10,000 and Over)	08-243	120,000.00	120,000.00	125,617.24
Administrative Fees - Police Off-Duty	08-133	300,000.00	300,000.00	321,727.41
Rear Yard Refuse Collection	08-244	30,000.00	10,000.00	32,025.00
Hotel Tax	08-107	290,000.00	160,000.00	297,397.63
American Recovery Act	08-245	2,018,219.07	1,200,000.00	1,200,000.00
Cannabis revenue	08-246	250,000.00		
Wireless Edge - Cellular lease	08-247	75,000.00		
Towing - Administrative Costs	08-241		4,000.00	
Cable Television Franchise Fees	08-117	461,000.00	461,290.44	461,290.44
Total Section				xxxxxxx
Consent of Director of Local Government Services - Other Special Items	08-004	9,225,937.96	7,805,575.93	8,856,830.11

Montclair hosts just one Class 5 retailer. Although it had been the first to host a medical dispensary, it delayed opting in on adult use.

Q & A

Q: How many licenses are reasonable per population?

A: This really only applies to retail, and population is not the only variable to consider. To consider: # of licenses in surrounding towns, retailer's marketing efforts, location, competitive pricing & customer service. Some limit the # of retailers per zone / section of Twp

Morristown: 1 (approx. 20,000 pop)

Pennsauken: 2 (approx. 37,000 pop; Cherry Hill next door banned with approx. 75,000 pop)

Atlantic City: initially uncapped (38,000 pop)

Union: 1 per 12,000 residents (approx. 60,000 residents) – limited to 2 for the first year, then re-evaluate

Paterson: up to 3 (157,000 pop)

Phillipsburg: Banned all classes except medical dispensary expanded to adult use

Q: Can towns earmark cannabis revenues?

A: I believe it can be done even if it is not being done widely at the local level. Have CFO look into “designation by rider.” (Not legal advice...)

Q: What is a town allowed to require in terms of security?

A: Answer broadened to address what a town can govern, generally. Security would fall under this. Also, consider including related attestations in applications and require applicants to demonstrate commitment to security.

C.24:6I-45 Municipal regulations or ordinances.

31. Municipal Regulations or Ordinances.

a. A municipality may enact ordinances or regulations, not in conflict with the provisions of P.L.2021, c.16 (C.24:6I-31 et al.):

*(1) governing the **number** of cannabis establishments, distributors, or delivery services, as well as the **location, manner, and times of operation** of establishments and distributors, but the time of operation of delivery services shall be subject only to regulation by the commission; and*

(2) establishing civil penalties for violation of an ordinance or regulation governing the number of cannabis establishments, distributors, or delivery services that may operate in such municipality, or their location, manner, or the times of operation

The State has extensive security requirements:

[CREAMMA page 58](#)

[N.J.A.C. 17:30 9.10 \(p 189\)](#)

*****The Township application should require specific details about the applicants' safety and security plans.*****

Q: How much cash is typically on hand at a cannabis establishment?

A: Note:

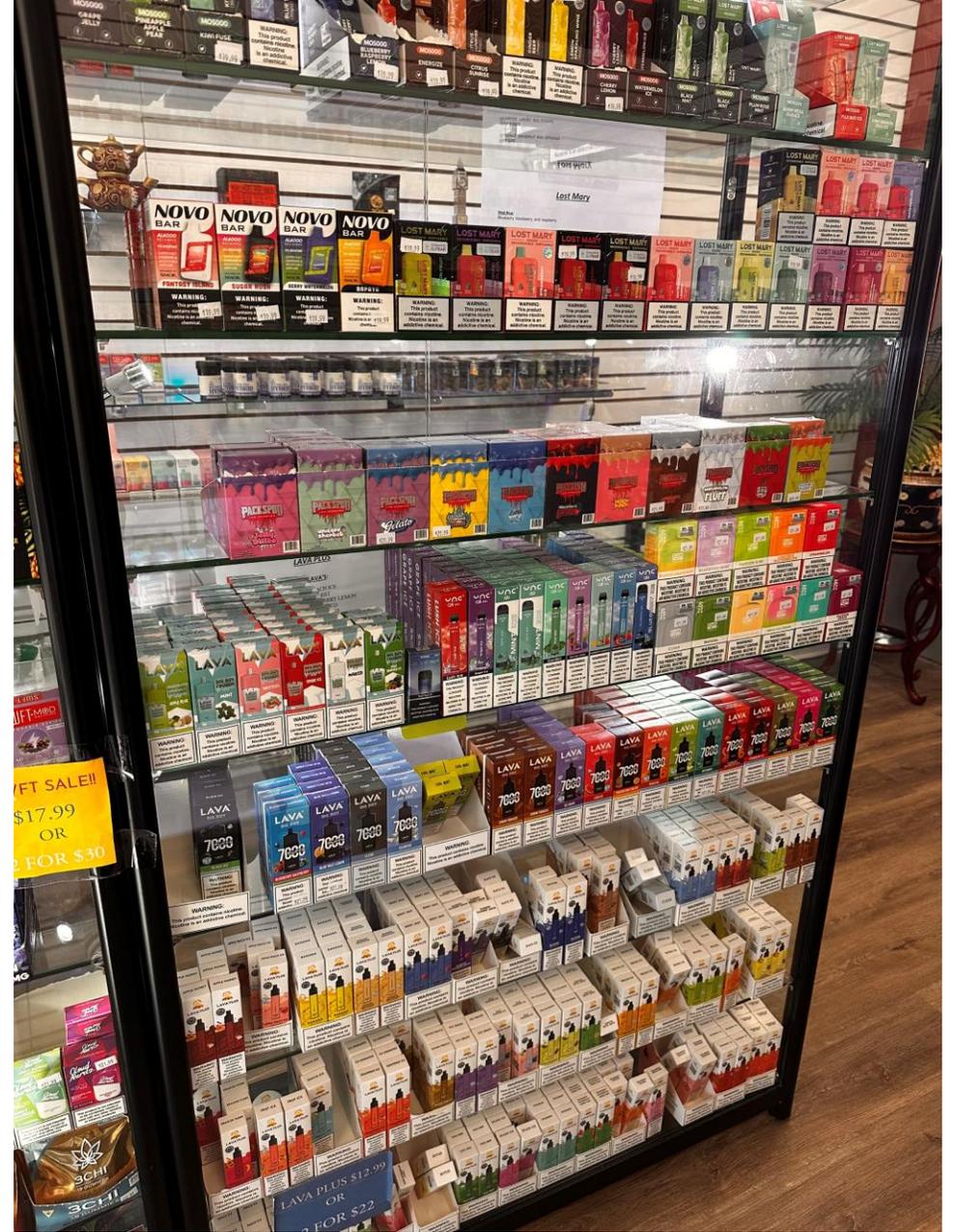
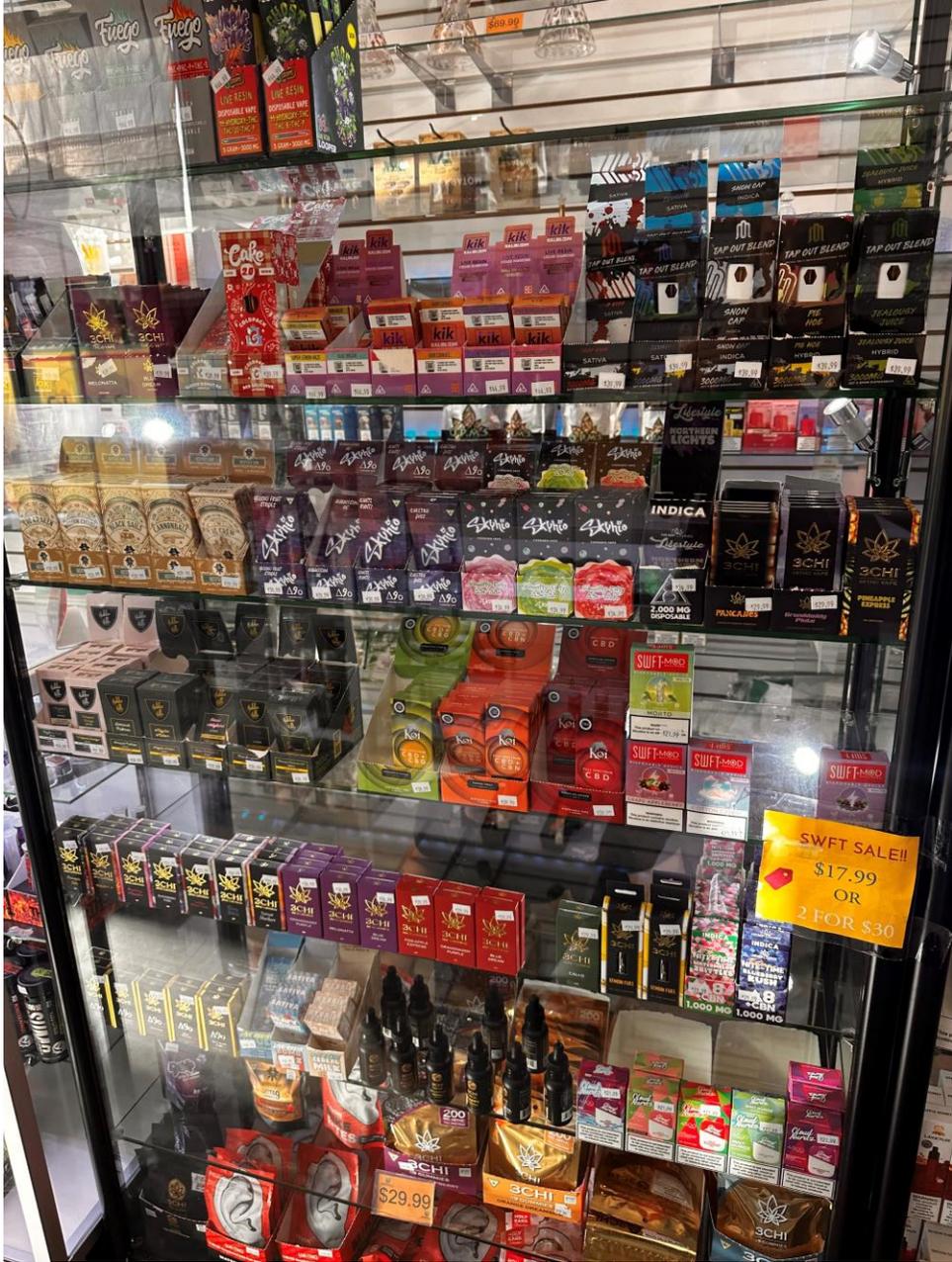
- Cultivators, manufacturers, etc. typically are transacting sales through checks or e-checks from their business accounts at state-chartered banks. (There are a few banks handling these funds.)
- Dispensaries that accept debit cards are noting that 40-60% of sales are being done by debit card.
- Verify with applicants that cash transfers will be handled by armored car service, not employees carrying cash.
- Higher volume dispensaries typically have more frequent cash pickups.
- Applicants' security plans will indicate specific protocols related to cash management that may give some comfort.
- There have been some security breaches, but we are not seeing dispensary break-ins or holdups in New Jersey.
- Not all businesses do or will do certain things. Verify with applicants.

Issues Impacting Industry

- Access to capital (banking, 280E, general economic realities)
- Real estate (no mortgages, restrictive zoning, etc.)
- Municipalities
 - State policy goals vs. local priorities
 - Requirements for State: Permissive local ordinance, resolution of support, zoning approvals (letter)
- Highly regulated industry
 - Need to vet candidates to optimize outcomes
- Nascent industry – building plane as we fly it
 - Regulator – delays and duplicative processes
 - “Wait and see” approach illuminates challenges
- Unregulated shops and products

Unregulated Cannabis in Morris Township

**Being sold in Drug Free School Zone!



No security in store. 1 attendant, was not in front of store when I entered. No age gating.



Rice Krispy Treat,
Chocolate Chip Cookie,
and Fudge Brownie with
50 mg per package of
Delta-9 (“regular”) THC on
a table in the middle of
the store – customers can
pick up and handle

Total THC levels in flower far exceeding .3% allowed in hemp by 2018 Farm Bill

HEMP LIVING THCA FLOWER IT'S LIKE THE REAL DEAL

SUNDAE DRIVER HYBRID
Sundae Driver is a Hybrid strain made by crossing FPOG with Grape Pie. Some have commented that the effects of this strain will make you feel balanced, calm, and happy. Sundae Driver has a sweet, mellow and creamy flavor.
THCA - 22.4% THC - 0.29%

ICE CREAM CAKE INDICA
Ice Cream Cake is an indica hybrid made by crossing Gelato 33 with Wedding Cake. This strain features effects that start off cerebral and uplifting like a sativa but eventually lead way to sedation and relaxation. It is beloved for its ability to numb pain and increase appetite. With Gelato 33 and Wedding Cake as parents this strain is sure to be a delectable sweet treat.
THCA - 26.7% THC - 0.27%

SHERBERT HYBRID
Also known as "Sherbet", "Sherbert OG", "Sunset Sherbet", and "Sunset Sherbert" is an indica-dominant hybrid strain made by crossing Girl Scout Cookies with Pink Panties. This strain exhibits powerful, full-body effects that are elevated by a jolt of cerebral energy and carefree state of mind.
THCA - 26.7% THC - 0.3%

GARY PAYTON HYBRID
Gary Payton is a highly coveted hybrid strain bred by Cookies and named after the NBA Hall of Famer. Combining The Y and Snowman breeds a potent, flavorful, and colorful strain. Gary Payton increases your desire to socialize and talk to others. It relaxes you and can leave you locked to the couch for the evening at higher doses. It's been said to be good for stress, anxiety, depression, PTSD, chronic pain, social anxiety & ADHD.
THCA - 28.7% THC - 0.29%

MARSH MALLOW OG HYBRID
Marshmallow OG is a hybrid strain made from a genetic cross between Chemdog, Triangle OG, and Jet Fuel Gelato. Users have told us that Marshmallow OG effects include relaxation, hunger, and happiness. Some users choose Marshmallow OG when dealing with symptoms associated with anxiety, stress, and depression. Marshmallow OG features flavors like butter, vanilla, and pepper.
THCA - 18.2% THC - 0.29%

HEMP LIVING THCA FLOWER IT'S LIKE THE REAL DEAL

JEALOUSY x BANANA CREAM HYBRID
Jealousy x Banana Cream Cake is a hybrid strain made by crossing pairs of Sherbert Bx1 and Gelato41 (Jealousy), Wedding Cake and Monkey Banana (Banana Cream Cake). The result is a giggly, social strain that's been known for its upbeat vibes. Flavors may include creamy, vanilla, earthy, and fruity.
THCA - 22.4% THC - 0.29%

MONKEY PIE INDICA
Monkey Pie is a mostly indica variety made by crossing Cherry Pie, Apple Pie, and Grease Monkey strains. Some users have commented that after using Monkey Pie, they were happy, giggly, and relaxed. Flavors would include sweet, earthy, and stinky.
THCA - 24.9% THC - 0.3%

JELLY RANCHER SATIVA
Jelly Rancher is a sativa dominant strain made from a genetic cross between Very Cherry and Notorious THC. Users have said that Jelly Rancher's effects include feelings of happiness, Euphoria, and Focus. Some users often choose Jelly Rancher when dealing with symptoms associated with anxiety, depression, and pain. Jelly Rancher features flavors like berry, strawberry, & citrus.
THCA - 26.0% THC - 0.3%

STRAWBERRY GUAVA HYBRID
JStrawberry Guava is a hybrid strain made from a genetic cross between Strawberry Banana and Papaya. Strawberry Guava's effects have been said to include happy, relaxed, and hungry. Some users choose Strawberry Guava when dealing with symptoms associated with anxiety, stress, and PTSD. Strawberry Guava features flavors like strawberry, tropical, and sweet.
THCA - 22.4% THC - 0.2%

Edible products being sold with far more than the 10 mg per serving allowable in NJ CRC regulated program



Potential Benefits to Morris Township

- **Economic:**

- Tax revenues (2% cultivation, 2% manufacturing, 1% wholesale, 2% retail)
- Job Creation (Cultivation 60-125 jobs, Manufacturing 3-20, Retail 20-30)
- Licensing and Renewal fees
- 1.3x – 1.7x “Economic Multiplier” for other businesses in township
- Note: Microbusinesses are limited to 10 employees, 51% must come from Twp or neighboring, 100% of ownership from New Jersey
- Anticipated reduction in unregulated market activity (equates to safer products, less teen access, even reduced opioid misuse)
- Morris Twp voters are in favor! [2020 General Election Results](#)
 - 68.64% yes (higher than state at 67.08% yes, which was highest of any state ever)
 - Ballot Q#1 had the greatest number of respondents vs. the other 2 Q’s
- Ask applicants to demonstrate the specific value they intend to provide to the Township – ex. require sales projections

Concluding Thoughts

- A thoughtful approach is best, but avoid paralysis by analysis
- The timing is right
- Even if opting in, Morris Township can retain significant control.
 - Ex. Some authorize “up to 1 Class 5 Retailer,” rather than “1 Class 5...”
 - Impose specific penalties for non-compliance
- Optimize chances of success for local businesses
 - Locations must be ideal for Township AND for business outcomes
 - Mission / vision of companies must be consistent with Township priorities
 - Be flexible as laws and market conditions change

Thank You!