

NOTICE OF APPEAL AND REQUEST FOR COUNCIL IMPLEMENTATION GUIDANCE
Oceanside Storefront Cannabis Retail Local License Process

June 9, 2026

Via Email

Honorable Mayor Sanchez and Members of the City Council
City of Oceanside
300 North Coast Highway
Oceanside, California 92054

Re: Formal Appeal to City Council to Resolve the Phase III Tie Without a Lottery

Dear Mayor Sanchez and Members of the City Council:

On behalf of the undersigned Phase III Applicants (“Applicants”) , thank you for the extraordinary time, care, and public service the Council, City staff, and the community have devoted to Oceanside's storefront cannabis retail program. This appeal is submitted respectfully and cooperatively. It is not intended as criticism of staff. Staff could not reasonably have anticipated that an applicant would create this unfortunate circumstance that required the Chief of Police to recuse himself from the process, and we appreciate the City's effort to preserve the integrity of the process. The issue now is whether the Council can resolve the tie in a way that protects public safety, preserves revenue, and remains consistent with the Council's original intent.

The Applicants respectfully appeal the City's determination of the proposed use of a lottery to resolve the three-way Phase III tie. The Applicants request that the Council treat this letter as a request for administrative implementation guidance under the Council's general authority over the storefront retail program. We respectfully request that this matter be placed on the next available City Council agenda for clarification and implementation direction.

The ask is narrow and practical: stay or suspend the proposed lottery and allow all Qualified Finalists, including the three applicants tied for second place, to move forward on equal footing through the CUP and implementation process. Each finalist would still have to satisfy every City and state requirement, including the conditional use permit, zoning, building, fire, security, state licensing, financing, construction, inspection, and operational requirements.

This solution honors the Council's policy choices. The Council deliberately and decisively rejected a lottery in favor of a merit-based process. The Type 10 Application Procedure Guidelines mandate that Phase III selection be resolved through anonymous ranked-choice voting — not chance. Resorting to a lottery now would favor luck over merit – and it would depart from the specific procedure the Council itself adopted. The City's own Phase II procedure confirms the same principle: when a tie occurred at the advancement cutoff, the City advanced all tied applicants, even though doing so exceeded the stated number of eight. Phase III now presents the same fairness issue. Resolving the tie by advancing all tied finalists is more consistent with merit, equal treatment, and the City's own adopted procedures than eliminating a tied applicant by chance.

The Municipal Code also gives the Council a workable path. Section 7.117(b) provides that the maximum number of Local Licenses may be limited by Council resolution and that no more than four may be issued unless otherwise authorized by the Council. Sections 7.122(5) and 7.122(6) provide additional safeguards: a licensee must secure a CUP within twelve months of local license issuance and must commence operations within eighteen months after CUP issuance, or the license is revoked. In other words, the Code already gives the Council

both market-size authority and self-enforcing deadlines. Moving Qualified Finalists forward is not the same as authorizing six stores.

Santee is the most useful nearby example. Santee selected four cannabis retailers in 2025 plus at least one alternate, while making clear that selection did not allow operation until all permit requirements were satisfied. Approximately a year later, only two of those four selected businesses have actually opened. That is not a criticism of Santee; it is proof that selection is only the beginning. Real estate, entitlement, financing, construction, state licensing, and industry conditions can prevent selected applicants from opening. Oceanside can learn from that local experience now rather than discover later that four selections do not necessarily become four operating stores.

The broader California market reinforces this point. The Department of Cannabis Control has reported persistent legal-market challenges, including taxes, fees, compliance costs, declining retail revenues, consolidation, illegal competition, federal prohibition, and limited financing. Public reporting also reflects declining California cannabis sales and major operator distress. These conditions make attrition real. A Qualified Finalist Pool maximizes the likelihood that Oceanside actually achieves the four-store program and tax revenue the Council already contemplated, without weakening any public-health or public-safety safeguard.

Even if every Qualified Finalist ultimately performs, the result remains conservative by regional standards. Six operating stores in a city of roughly 172,000 people would equal about one store per 28,700 residents, still more restrictive than Vista's voter-approved ratio of one storefront per 10,000 residents and more restrictive than the statewide retail-license density reported by DCC. The request therefore does not create proliferation; it preserves Council control while giving the City the best chance to realize its intended program.

Finally, this cooperative path avoids unnecessary process risk. California cities have seen cannabis programs delayed or challenged when agencies were accused of departing from adopted procedures or improvising after applications were submitted, including published litigation such as *CV Amalgamated v. City of Chula Vista*, where the court of appeal held the city could not deviate from its own adopted licensing procedures, and public disputes over competitive permit scoring in cities such as Ventura and Oxnard. Oceanside can avoid that dynamic by applying the same fair approach it used at Phase II: advance the tied applicants together and let the CUP and implementation process determine who can actually perform.

For these reasons, the Applicants respectfully request that the City accept and stay the proposed lottery, and either grant the requested administrative resolution or place the issue before the City Council at the next available meeting for further direction. This is a simple, fair, and non-adversarial way to solve an unforeseen problem, preserve the Council's merit-based intent, protect public safety, maximize expected revenue, and maintain every safeguard the City already adopted.

Respectfully,

Lauren Carpenter

Lauren Carpenter, CEO
Oceanside Responsible and Compliant Retail LLC

Michael Mellano

Michael Mellano, CEO
Green Venture Farms, Inc.

Daniel Firtel

Daniel Firtel, Majority Owner
Oceanside Retail OPCO LLC

CC: City Attorney, T. Steven Burke, Jr., tsburke@oceansideca.org
City Manager, Jonathan Borrego, CityManager@OceansideCa.org
Cannabis Staff, Senior Planner, Dane Thompson, cannabis@oceansideca.org