

Jericho Moulder

From: Daniel Firtel <daniel@trp.co>
Sent: Tuesday, August 18, 2026 6:44 PM
To: City Clerk
Cc: Cannabis Line; Brandon Johnson; Ryan Johnson
Subject: Letter to Oceanside Cannabis - Agenda Item 16 (File #26-1611):
Attachments: Lttr_Council_Comments_V2.pdf

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Hello, please see attached letter in anticipation for tomorrow's meeting. Thank you for your consideration.

Daniel

Daniel Firtel
TRP
daniel@trp.co

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August 18, 2026

Via Email to:

CityClerk@oceansideca.org

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

Re: Agenda Item 16 (File #26-1611): Storefront Retail Cannabis License Tie-Breaking Procedure, Support for Option 2

Dear Mayor Sanchez and Members of the City Council:

Oceanside Retail OPCO LLC, supports Option 2 in the Staff Report, which would resolve the Phase III tie by granting local licenses to all three finalists: Embarc, OPCO, and Green Venture Farms. Each finalist received the same score and is ranked in second place under the Council's merit-based scoring process. Deciding the final license slot with a lottery would leave the outcome to chance, the very thing the Council desired to avoid.

Option 2 is the more consistent choice. The Municipal Code gives the Council clear authority to do this. Section 7.117(b) allows the Council to raise the license cap by resolution. Furthermore, Section 7.122 provides a safeguard - a licensee forfeits its local license if it fails to secure a CUP within twelve months, or fails to commence operations within eighteen months of CUP approval. As the draft resolution recognizes, licenses that never become operational are automatically forfeited. Thus, approving Option 2 does not guarantee six stores. It only gives the City its best chance of reaching the four-store program the Council already intended, at a density still more conservative than neighboring jurisdictions.

Notably, Staff's own report confirms that the Council's adopted guidelines never established a process for breaking a tie at the conclusion of Phase III, unlike Phase II, which did. A lottery is not a mechanism the Council previously approved for this circumstance. Resolving it the same way the Council resolved the Phase II tie, by advancing every equally qualified applicant, is the more consistent path.

For these reasons, I respectfully ask the Council to adopt Option 2 and the accompanying resolution (Attachment 3). This approach is fair to all three tied applicants, faithful to the process the Council built, and the surest path forward to the storefront cannabis program the Council set out to create. Thank you for your time and consideration.

Respectfully,



Daniel Firtel
CEO, Oceanside Retail OPCO, LLC

Stephanie Rojas

From: Austin, Gina <gaustin@austinlegalgroup.com>
Sent: Tuesday, August 18, 2026 4:31 PM
To: City Council; City Clerk
Cc: Dane Thompson; Jonathan Borrego
Subject: Agenda Item #16 - August 19, 2026
Attachments: 26-0818 Ltr City Council.pdf

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Please see attached letter of today's date.

~Gina

Gina M. Austin
Managing Partner
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August 18, 2026

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

Re: Agenda Item 16 - Opposition to Increasing Storefront Retail Cannabis License Cap from Four to Six; Support for Staff-Recommended Blind Lottery

Dear Mayor Sanchez and Members of the City Council:

This letter is sent on behalf of Noble Victory, LLC, an Oceanside storefront retail local license holder, in opposition to the proposed resolution increasing the number of storefront retail cannabis licenses from four to six. We respectfully urge the Council to maintain the four-license program and affirm Staff's recommendation to resolve the three-way tie through a blind public lottery.

All Three Existing License Holders Oppose Increasing the License Cap

All three applicants that have already earned licenses through the City's adopted process, Noble Victory/Left Coast, MedLeaf, and March & Ash, oppose increasing the license cap and support the Staff-recommended lottery. This consensus should carry substantial weight. These are the operators that have made, or are now making, significant financial commitments in reliance on the City's licensing framework and will bear the direct consequences of expanding the market from four to six licenses. The unanimous opposition demonstrates that the proposed increase is not necessary to preserve the integrity of the licensing process; the appropriate course is to complete the process as designed and use a neutral lottery to determine the recipient of the fourth and final license.

The Council Deliberately Established a Four-License Program

The four-license cap was a fundamental component of the competitive process. The Council approved a program allowing up to four storefront licenses, with two licenses available to the City's qualifying existing operators and the remaining applicants competing for the other two. Two licenses were issued to the existing operators in February 2026, and Phase III was then conducted to determine the recipients of the remaining two licenses. That process produced a first-place applicant and a three-way tie for the fourth and final license. The unexpected tie requires a tie-breaking procedure. It does not justify increasing the number of licenses by fifty percent.

Every applicant participated and made business decisions based upon a four-license market. Our client waited years for the opportunity to obtain a storefront license, entered the market during extremely difficult conditions, and never received the benefit of the early market conditions available to operators in other jurisdictions. It is now making substantial additional investments in reliance on the four-license

framework. Changing that framework after three of the four licenses have already been determined materially changes the rules after the competition has been run.

The Phase II Tie Does Not Support Increasing the Number of Licenses

The tied applicants argue that the City should follow what occurred during Phase II and advance everyone who tied. The comparison does not work. The adopted guidelines expressly provided that the top eight applicants (or more in the event of a tie for the eighth position) would advance to Phase III. The City therefore did not change the rules when additional applicants advanced. It followed the rules that existed before the competition began. There is no comparable provision providing additional licenses in the event of a Phase III tie.

The Staff-Recommended Lottery Is Fair and Preserves the Merit-Based Process

Staff's recommendation provides the cleanest and most defensible resolution. The three tied applicants have already been determined by the City's merit-based process to be equally meritorious. A blind lottery does not replace merit with chance; merit has already narrowed the field to three indistinguishable applicants competing for one license. Staff reaches the same conclusion, explaining that a lottery among the three tied applicants would be fair and impartial, would not degrade the merit-based nature of the process, and, importantly, would preserve the four-license cap.

The Council's prior concern about lotteries is not implicated. The Council rejected using chance to select licensees from the larger pool of merely qualified applicants. Here, the lottery would serve only as a tie-breaker among three applicants whom the City's own process has determined to be equally ranked.

Limited Cannabis Real Estate Makes Expansion Particularly Problematic

The practical impact of adding two licenses should not be underestimated. Viable cannabis retail real estate in Oceanside is extremely limited because of zoning, separation, sensitive-use and regulated-use restrictions. The current license holders are already likely to require locational waivers or similar relief to secure workable locations. Adding two additional licensees immediately increases site conflicts and creates additional deviation and waiver requests for City staff. These impacts occur as soon as the additional licenses are issued.

The argument that the City should issue six licenses because some operators may ultimately fail to open is also unpersuasive. The Code already addresses that possibility. If attrition actually occurs, the City can address an available license at that time. The possibility of future failure is not a reason to dilute the existing program today.

Pre-Award Investments Should Not Influence the Number of Licenses

We are also concerned that at least one tied applicant secured real estate in Oceanside before the Phase III determination and engaged in extensive community outreach and lobbying before the process concluded. Those were business decisions made while competing for a limited number of licenses. An applicant's confidence that it would receive a license cannot become a reason for changing the program when the established competitive process does not produce that result. Doing so risks creating the appearance that substantial pre-award expenditures, lobbying or community commitments can influence the rules after the competition has concluded.

The Council need not question the merits of that applicant or the validity of the Phase III ranking to recognize the problematic precedent. Applicants should understand that they compete under the rules established by the City—not that the rules may be changed after the fact to accommodate the result they anticipated.

Increasing the Cap Now Creates Unnecessary Legal Risk

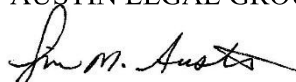
The Council has discretion over the City's cannabis program, but that discretion is not unlimited. Staff itself recognizes that any alternative modification to the process must not be arbitrary and must be rationally supported by the record. The three-way tie provides a rational basis for selecting a neutral tie-breaking mechanism. It does not, standing alone, provide a rational policy basis for increasing the size of Oceanside's storefront cannabis market from four licenses to six.

Increasing the cap now, after the competitive process has been completed and three licenses have already been determined, would move the goalposts for applicants and existing licensees that relied upon the four-license framework. Such action would create a substantial risk of an abuse-of-discretion challenge and expose the City to unnecessary litigation. If the Council wishes to reconsider whether Oceanside should permit more than four storefront retailers, it may certainly consider that question prospectively as a policy matter, with appropriate consideration of market conditions, available real estate, community impacts and City resources. It should not make that significant policy change simply to resolve an unexpected tie.

The City Should Maintain the Four-License Cap and Proceed With the Lottery

The City has a fair, neutral and Staff-recommended solution immediately available. There is no need to change the fundamental terms of the program. For these reasons, Noble Victory, LLC respectfully requests that the Council reject the proposed resolution increasing the license cap from four to six, maintain the four-license framework under which all applicants competed, and direct the City Clerk to proceed with the blind public lottery among the three tied applicants for the fourth and final storefront retail cannabis license.

Respectfully submitted,
AUSTIN LEGAL GROUP, APC


Gina Austin, Esq.

cc: Jonathan Borrego, City Manager
Dane Thompson, Senior Planner

Stephanie Rojas

From: Dane Thompson
Sent: Tuesday, August 18, 2026 4:27 PM
To: Stephanie Rojas
Subject: FW: Agenda Item 16 – Storefront Cannabis Licenses - From MedLeaf

Fyi in case you weren't BCC'd.
DT

From: Karen Tomlinson <karen@medleafdelivery.com>
Sent: Tuesday, August 18, 2026 3:50 PM
To: Karen Tomlinson <karen@medleafdelivery.com>
Subject: Agenda Item 16 – Storefront Cannabis Licenses - From MedLeaf

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Good afternoon,

George and I hope this email finds you well. We're doing well and have been very focused on moving our CUP process forward, so it was honestly a surprise to learn that this agenda item was coming before Council this week.

We appreciate all of the time and thoughtful work the Council and City staff have put into establishing Oceanside's storefront cannabis program. The City adopted a four-storefront structure and brought in an outside consultant to help administer a fair licensing process. As Oceanside's longest-standing cannabis operator, we have trusted that process and remained focused on meeting the requirements set forth by the City.

Our concern is simply that the original four licenses have not yet had an opportunity to open, operate and stabilize before the City is being asked to consider increasing the number from four to six.

We also ask Council to consider the precedent this could create. **If ten applicants had tied for the final license, would the City award licenses to all ten? If not, what is the difference between a three-way tie and a ten-way tie?**

We believe a tie should be resolved through a **fair and unbiased tie-breaking process, such as the blind lottery recommended by City staff**, rather than by changing the number of licenses at the end of the process.

We respectfully ask that the four licenses be given the opportunity to open and stabilize before the City evaluates whether additional storefronts are appropriate for Oceanside.

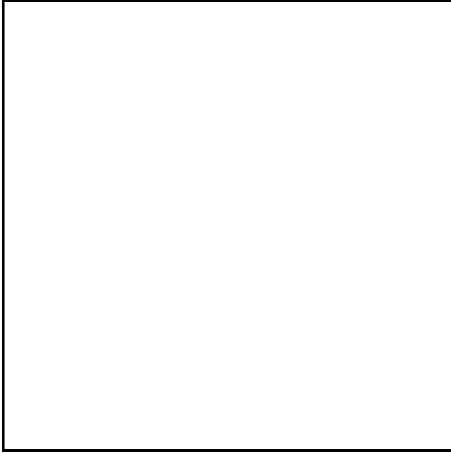
We truly appreciate your continued commitment to thoughtful and responsible growth in our city and your consideration of our concerns.

Respectfully,

Karen & George Hannawi

MedLeaf / Oceanside Retail LLC

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Karen Hannawi

General Manager

MedLeaf | BCC# C12-0000589– LIC

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