COUNCIL OF THE CITY OF PHILADELPHIA

COMMITTEE ON PUBLIC HEALTH AND

HUMAN SERVICES

Room 400, City Hall
Philadelphia, Pennsylvania
Friday, September 9, 2016
10:45 a.m.

PRESENT:
COUNCILWOMAN CINDY BASS, CHAIR
COUNCILMAN DEREK S. GREEN
COUNCILMAN BOBBY HENON
COUNCILWOMAN MARIA D. QUINONES-SANCHEZ
COUNCILMAN MARK SQUILLA
COUNCILMAN AL TAUBENBERGER

RESOLUTION 160424 - Resolution authorizing the Committee on Public Health and Human Services to hold hearings regarding the Medical Marijuana Act of Pennsylvania.

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COUNCILWOMAN SANCHEZ: Good morning. The Committee on Public Health and Human Services will now come to order.

Will the Clerk read the title of the bill.

THE CLERK: Resolution 160424, authorizing the Committee on Public Health and Human Services to hold hearings regarding the Medical Marijuana Act of Pennsylvania.

COUNCILWOMAN BASS: Good morning, everyone. With a quorum being established, I want to recognize the presence of Councilwoman Maria Quinones-Sanchez, Councilman Derek Green, Councilman Al Taubenberger, and I am Chair of Health and Human Services, Councilwoman Cindy Bass.

And can we have the Clerk -- can we have any opening remarks from members of the Committee.

Councilman Green.

COUNCILMAN GREEN: Thank you,

9/9/16 - PUBLIC HEALTH - RES. 160424

Madam Chair. I'm just going to have brief opening remarks regarding this hearing.

One of the reasons why I thought it was important to have this hearing here in City Council, as many of you who are attending this know and for those who are listening, the Commonwealth of Pennsylvania recently passed legislation allowing medical marijuana in the Commonwealth. That was done under the leadership of Senator Leach, who is here with us this morning, as well as Senator Folmer. And because we know the City of Philadelphia is a city of the first class, the largest city in the Commonwealth, this legislation will have a significant impact in the City. So as opposed to being reactive and waiting for this legislation to have impact on the City, I thought it made sense to start the conversation about what is medical marijuana, how has medical marijuana been implemented in other jurisdictions, and

also give an opportunity to start the conversation not only with the public regarding the awareness of medical marijuana and address some of the concerns of possible misperception about medical marijuana but also get our local City Administration to start thinking about how we would implement this type of industry in the City of Philadelphia. And over the summer, I had conversations with various City departments and they've already started the outreach to various jurisdictions across the nation.

So based on that perspective, I thought it was very important to start this conversation. It will be an ongoing conversation regarding medical marijuana.

And also from a personal perspective, having a son who started school the other day and he's a 15-year-old freshman at Hill-Freedman High School now, and it's interesting because my son is autistic and I've heard of a lot of parents and caregivers in the

autism community talk about some of the benefits of medical marijuana in reference to their children. And so from that perspective, I've been hearing about medical marijuana for some time, being a parent and caregiver for a child on the autism spectrum, and I thought coupled with that background and some of the parents I talked to over the years not only in the City of Philadelphia but across the country, it also made sense to delve into this topic.

So based on all those reasons, I thought it would be great to have this first conversation as we're in our back-to-school week here in City Council and in the City of Philadelphia to start this conversation and to move forward.

So thank you, Madam Chair.

COUNCILWOMAN BASS: Thank you, Councilman. And I just want to, number one, thank you for bringing this hearing and putting this hearing together and for all of the information that's going to

come out of today. There's a lot of questions, a lot of issues, a lot of possibilities and opportunities that exist.

And so I really am grateful that Councilman Green has brought this hearing forward on our behalf. It's funny, as we were preparing for this hearing, I can't tell you the number of comments, jokes, questions, suggestive questions I might add, around this hearing in terms of marijuana use, but when you think about it, this is really no laughing matter. This is something that's very, very serious, and there is the potential here to really be impactful on a lot, a lot, a lot of people's lives.

So that being said, Councilman Taubenberger, I know you have comments.

COUNCILMAN TAUBENBERGER: Yes. Just very, very briefly, and thank you very much, Madam Chair. And I couldn't agree more with Councilman Green, and I really want to thank you, Councilman

9/9/16 - PUBLIC HEALTH - RES. 160424

Green, for bringing this up. I think the opportunity with cannabis and the benefits of pain relief can be very, very helpful to people that are going through difficult times and also an opportunity for economic growth in the City of Philadelphia that always is looking for jobs and economic development. I think the opportunities are here and we should know more about them and develop this further.

So thank you very much, and I do have a couple questions when the time is proper. Thank you.

COUNCILWOMAN BASS: Okay. Thank you very much, Councilman.

And can we now have the Clerk call up the first name of the first witness to testify.

THE CLERK: Senator Daylin Leach.

(Witness approached witness table.)

COUNCILWOMAN BASS: Good

9/9/16 - PUBLIC HEALTH - RES. 160424

morning.

SENATOR LEACH: Good morning. Am I okay microphone-wise? Can you hear me okay?

COUNCILWOMAN BASS: We can hear you.

SENATOR LEACH: Good morning and thank you for inviting me to come and testify today. I thought I would just very briefly give you sort of a very wide-eyed overview of sort of how we got to this point, where we are, and what things look like as of today.

COUNCILWOMAN BASS: Senator, you need no introduction, but just for the record, if you wouldn't mind just saying your name just for the record.

SENATOR LEACH: Oh, I'm sorry.

COUNCILWOMAN BASS: That's okay.

SENATOR LEACH: Daylin Leach, Senator, 17th Senatorial District.

COUNCILWOMAN BASS: Thank you.

SENATOR LEACH: Born and raised

9/9/16 - PUBLIC HEALTH - RES. 160424

in Philadelphia.

Anyway, this is an issue I originally got involved in because I met a family who had a child that was going through a very difficult time with a condition known as Dravet's syndrome, which was a severe form of epilepsy. It caused me to do some research. And I probably would have always been for it, but it caused me to become very passionate about this issue.

I actually after doing that, I spoke to the mother of the child and I said, I promise you I will get this passed. And then I left the meeting and was wondering how I was going to keep that promise exactly. I hadn't thought that through.

But over time, we introduced -- I introduced the bill, and originally I got one co-sponsor. The Pennsylvania Legislature is not looking for reasons to be controversial, but over time, through hard work and through finding a great

partner on the other side of the aisle, Mike Folmer, which was key to getting this passed, we managed to do something that almost never happens in Harrisburg. We managed to change people's minds.

We met with people, showed them the evidence, showed them the studies, answered their questions, sometimes for hours, sometimes repeatedly, and at the end of the day, this passed 43 to 7 in the Senate and 149 to 46 in the House. And, again, we don't really name post offices by those margins in Pennsylvania. So this was a real bipartisan victory, which I hope can serve as a model for dealing with other problems going forward.

The bill is not perfect. The bill is the subject of compromise and at a certain point, you have to get 80 percent of a loaf or zero percent of a loaf, and I'm always a big fan of going for the 80 percent of a loaf. But I do think that the bill is, frankly, one of

9/9/16 - PUBLIC HEALTH - RES. 160424

the best bills in the country.

The number of conditions that you can get recommended for medical cannabis is significant. There's 17, including pain, which is a very broad condition, and there are many diseases which manifest themselves through pain. And we have a good regulatory environment.

Where we are right now is, now that the bill is drafted, as you know, once legislation is done, that's only half the battle. The other part is the regulations, because that actually fleshes out the day-to-day operations of how this will go.

I wanted to have the best regulations in the country and I wanted people from all over the country who knew what they were doing to advise us on these regulations. So we convened the conference in July at St. Joseph University with 300 people from all over the country who came and advised us on

best practices. We are in the -- we meet with the Department of Health, who is promulgating the regulations, every couple of weeks, and we are preparing a comprehensive report to reflect what the conference said or what information was gleaned at the conference.

Within a few -- I would say within a couple of months, I think the applications will be promulgated. There are a series of different kinds of applications. Very briefly, there will be 25 licenses for grow houses in Pennsylvania. These are grow/processing centers where you grow it and you process it and turn it into a product that would be useful to a consumer. And then there will be 50 licenses for dispensaries. Those are the stores where people would go with their recommendations that they get through their doctor and the Department of Health and get whatever product it is that their condition demands.

9/9/16 - PUBLIC HEALTH - RES. 160424

Each license allows the licensee to hold up to -- to open up to three stores. So there will be up to 150 stores or dispensaries in Pennsylvania.

The way you get the license is, you apply for it, and we're coming up with a point system where you have to submit a financial plan, a business plan, a security plan, a diversity plan with your application, and you get points for how good each plan is, and at the end of the day, we award them to the people with the highest number of points. We're hoping for a transparent and as subjective as possible process to do that.

We will probably have zones around the state. It's unclear whether there will be three or six, but we'll have zones around the state to ensure that there is geographic diversity in terms of the dispensaries. There doesn't have to be in terms of the grow houses, but in terms of the dispensaries, there

does. So we're hoping that we come up with a system where everyone has access to it.

And the type of product available we think will be very broad. Either in the bill directly or in the bill, there is a path to whole plant, to edibles, to oils, tinctures, topicals, virtually any type of product that would be useful to someone who is in need.

And so that's sort of a broad overview. I could talk for hours about getting in the weeds of all of this. I will spare you that, but I will be happy to answer any questions you have. I think this is -- to conclude my opening remarks, I sincerely believe this is the most important piece of social legislation that we passed in Harrisburg in decades. This will have a huge impact in people's life.

One quick example, states that have a medical marijuana protocol have a 25 percent lower rate of opioid addiction

9/9/16 - PUBLIC HEALTH - RES. 160424

and opioid overdose. In Pennsylvania 2,000 people a year are losing their life to that. So that would save, if the statistics are consistent, that would save -- just that would save 500 lives a year, without talking about any of the diseases that this would treat. So we don't do very much in Harrisburg that actually impacts people that directly. So we're very proud of having done this. We know it's still a work in progress. We look forward to working with you to make sure that it best serves the needs of your constituents, and I'm grateful for the opportunity to testify.

COUNCILWOMAN BASS: Well, thank you, Senator. Thank you so much for being here and for all of your hard work on this very important issue, and I agree with you that is one of the most impactful pieces of legislation to come out of Harrisburg ever, because I know that it's going to make a huge impact on the lives of folks particularly who

9/9/16 - PUBLIC HEALTH - RES. 160424

suffer from chronic pain. And when you talk about opioid addiction and you talk about heroin addiction, there is a relationship between pain and these addictions, and if we can alleviate that pain and provide relief so that people aren't finding themselves going to these other forms of relief, if they are forms of relief, then we've done a huge service to our communities. And I just, again, I really wanted to thank you.

Councilman Green.

I'm sorry; Councilman Taubenberger.

COUNCILMAN TAUBENBERGER: Yeah. Thank you very much.

And thank you, Councilman Green, for allowing me.

I have a couple questions, and hopefully they're brief as well.

And, Senator, thank you very much for your passion and your push for this, because I get it very clearly on the need for this.

9/9/16 - PUBLIC HEALTH - RES. 160424

The way the law is written or the Act has been written, requiring ten years of growing experience, seems to be out of favor with some of the state growers, because no local grower has been growing legally for ten years or more. I'm not sure that any even out-of-state growers have been growing legally that long.

In order to protect the million dollars of economic development that could be taxed here in the state and to protect that locally, do you think some protection could be given for local growers, local production in the State of Pennsylvania?

SENATOR LEACH: Yes. First of all, I would say that you make an excellent point. I got into this because I wanted to help people who were sick, but as an ancillary benefit, not for nothing, this is going to be a huge economic benefit for the State of Pennsylvania and for many municipalities

9/9/16 - PUBLIC HEALTH - RES. 160424

around the state.

We are in the regulatory process working on protecting Pennsylvania, because you're right, theoretically people in Pennsylvania have no experience in this because it's not been legal. It's been legal in California for 20 years. That's the longest time. And then there's been a number of states, they're staggered. There's now 25 states, so they've all done it at different points.

I think what this will finally work out to be is that there will be a requirement of a percentage of ownership from Pennsylvania interest, people who reside and domiciled in Pennsylvania. The number is not entirely clear. One number that's being talked about a lot is 51 percent. And so a minimum of 51 percent of Pennsylvania ownership of the thing.

Now, you can hire people from all over the country. But even in terms

9/9/16 - PUBLIC HEALTH - RES. 160424

of partnering, in terms of investing, there are a lot of players who have been doing this a long time around the country. A lot of them have an awful lot of experience and they can offer value.

There is no minimum requirement for out-of-state people. It could be zero if we get people from Pennsylvania who can put together the entirety. But I've spoken to a lot of people who are interested in doing this, and a lot of them are seeking out-of-state people to at least partner with to some extent to make sure they do it right, because it is a tremendous investment, particularly the grow houses. All said and done, to successfully open a grow house in Pennsylvania, you're probably going to need somewhere -- your consortium or whatever group you're with is going to need somewhere in the neighborhood of $10 million, I would think. So given that, we want to make sure that the expertise is available to make sure that people can

9/9/16 - PUBLIC HEALTH - RES. 160424

make a go of it.

COUNCILMAN TAUBENBERGER: My second and last question is as follows: In reading the Act, there seems to be a lot of security requirements regarding the processing centers and even the offices. My question is, how is this to be enforced? I mean, would this be done by the State Police, by the Pennsylvania Liquor Control Board? Because I know there might be concerns from a community that possibly could have maybe -- might lead, or at least there will be discussion of that, it might lead to higher crime in the community. How is that to be enforced?

SENATOR LEACH: You know, it will be enforced through the licensing by the Department of Health. It will be the State Police, complaints from the community if there's an issue, and the security. It's one of those things that there's an awful lot of discussion on. You know, I mean, on one hand, you can

9/9/16 - PUBLIC HEALTH - RES. 160424

make the case that we have CVS's and Rite Aids all over the place. There's not a ton of security there. There's all kinds of narcotics there. There's all kinds of opioids in those buildings.

There seems to be an increased level of concern because there is still, in the minds of some people, a stigma attached to cannabis, and the reality is in other states, there have not been security problems that are disproportionate to what we see at regular pharmacies.

That said, there was an insistence by some people that we have higher levels of security. And I think the biggest incentive to follow the law obviously is the cost of putting this together, getting a license and putting this together. I don't think many people are going to want to risk that by not complying with appropriate security regulations.

COUNCILMAN TAUBENBERGER:

9/9/16 - PUBLIC HEALTH - RES. 160424

Senator, thank you very much.

And, Councilman Green, thank you for your time.

COUNCILWOMAN BASS: Thank you, Councilman.

I do want to acknowledge the presence of Councilman Mark Squilla and also Councilman Bobby Henon.

And Councilman Green.

COUNCILMAN GREEN: Thank you, Madam Chair.

Senator Leach, I want to commend you for your leadership in getting this legislation passed. As we all know, getting things done in Harrisburg is very challenging, especially in the bipartisan nature, but you've been very dogged on this issue.

Earlier in your remarks, you talked about changing the perception, and I think that perception issue is a challenge here in the City of Philadelphia from neighbors, residents. I think there's going to be a certain

9/9/16 - PUBLIC HEALTH - RES. 160424

aspect of nimbyism, or not in my backyard, perspective regarding this issue. So I'm curious as you were initially starting the legislation and building support, what were the initial thoughts that various members of the House and Senate may have had regarding medical marijuana and how were you able to make those changes in perception?

SENATOR LEACH: Well, initially -- and I've often racked my brain about this, because I've often thought some of our policies are irrational from my point of view. But I think when I really contemplate this deeply, my theory is that -- keep in mind, marijuana was the second most -- cannabis, whatever you want to call it -- was the second most prescribed drug in America in the '30s. When we made it illegal and they passed the Marijuana Tax Act in 1937, the leading group opposing that was the American Medical Association, who said, We need this, this

9/9/16 - PUBLIC HEALTH - RES. 160424

is a big part of the pharmacopeia. And so, you know, at the time, millions of dollars were spent to demonize it, for economic reasons, which are probably too complex to get into here, but there was a lot of money spent to demonize it. And then in the '60s it sort of got caught up in the culture wars. It got tied together in people's minds with draft dodging and burning your bra and being a hippy or whatever, and there are still some people who sort of have a lingering connection in their mind between that. And we can have that discussion if recreational marijuana ever becomes an issue in Pennsylvania, but in terms of medicine, this has nothing to do with hippies and it has nothing to do with the Grateful Dead. This is about getting people with cancer and chronic pain and post traumatic stress disorder and chronic epilepsy and Crohn's disease and other conditions relief. And we had to go through all the sort of cultural

9/9/16 - PUBLIC HEALTH - RES. 160424

shibboleths, if you will, that people have. So we had to sit down with Senators and we had to say, Well -- we had to answer questions and say, Well, no, people aren't going to use this and then go up to the highest window and jump out of it. People aren't going to use this as an excuse to get high. People aren't -- here's the studies that show what it does. Here's the testimony.

I mean, the testimony of patients was unbelievable. We had people -- we had a series of hearings, which we had to have, because people are sceptical. A lot of people are skeptical. But we had a guy who had what they call the suicide disease. It's a nickname for -- I forget the name of the disease. Horrible pain in his face. They call it the suicide disease because many people with this kill themselves, because the opioids don't help because of where the pain is and all. So he said he smoked cannabis. Fifteen minutes later,

he's pain free for the first time in years.

Because of my involvement in the issue and because of our hearings, we had so many soldiers come and say, I had post traumatic stress disorder. I was on Ativan and Klonopin and all these drugs. I was a zombie. I was self-medicating. I was suicidal. And I was a Jarhead. I never smoked pot. That was, you know, something hippies did. But I finally tried it, and I feel like I have my life back. I feel like a human being again. I can function.

And we had the women who -- Charlotte Figi from Colorado and her family came, and they said that this was a girl who was seizing over 100 times a day and could barely function and was developmentally -- because all she was doing was seizing. And they gave her Charlotte's Web, which was an extract of cannabis, and she's over 97 percent seizure free.

9/9/16 - PUBLIC HEALTH - RES. 160424

So when people start seeing that, a lot of the sort of things that get people's backs up reflexively started melting away, and that's how we were actually able to get very, very liberal democrats, very, very conservative republicans to join forces to pass this. And, you know, to the extent that people are listening to this and are concerned or have questions or have not heard the testimony and so forth, I would say if you do a little research, I think you'll find that in other states this is not causing any kind of societal problem. All this is doing is helping sick people feel better and really -- and this is why we're able to pass this, because this issue transcends liberal democrat, republican, whatever, because anyone can get sick and anyone could have a relative who gets sick or someone they care about, and when that happens, all you want -- you'll do anything. And so that's how we were able to break the sort of cultural

resistance that we initially encountered.

I hope that was a longwinded enough answer for you.

COUNCILMAN GREEN: This is also a follow-up. You said the legislation you felt is probably the best in the country in this regard, but there have been compromises, like any piece of legislation, and you also said some challenges. What would you say or what are some of the things that going forward you'd like to see possibly added or amended to the legislation to make it better?

SENATOR LEACH: Yeah. Well, in terms of compromises we had to make, compromise number one, the conditions. I originally didn't want a list of conditions. I wanted it just to be, you know, your doctor can prescribe it. If your doctor -- technically it's not called prescribing. It's called recommending, because of federal law. But I wanted it so doctors can recommend

9/9/16 - PUBLIC HEALTH - RES. 160424

it for whatever condition they think is appropriate. Keep in mind, doctors are on the hook for malpractice. They're on the hook for licensing. They're on the hook for criminal law if they do something. So I wanted to just trust the doctors. So they insisted on a list of conditions. And then we had a big fight about which conditions and, frankly, some of it was silly. We had a couple of boutique, extremely rare conditions, but we didn't have originally like glaucoma, which was the very first thing they found that cannabis helps with. Some conditions we had because a Senator had a nephew who had the condition, even though there was better evidence for other conditions, but through a painstaking process. And I felt better about it, because the conditions got ebbed and flowed, but I felt better about it as it got a little longer and as we added pain, because, again, I think pain is such an overarching condition that will help us

9/9/16 - PUBLIC HEALTH - RES. 160424

get to a lot of people.

We had to compromise about the method of delivery. For some people -- for kids with epilepsy, a tincture under the tongue, which is not intoxicating, is what's most effective, but if you are, for example, a cancer patient, smoking whole plant is most effective, because you can't keep down pills. You can't -- so you're nauseous all the time. What helps is smoking it.

So they created a couple steps. We have to get before whole plants are allowed, they have to get a recommendation from a panel, which we will, and so forth. So there are a few things that were sort of frustrating. There was attempts to put a THC cap on it, which would have been devastating. We managed to beat that back, but only by six votes, 97 to 91 in the House. So there was a lot of -- there was this thing that you have to have a doctor at the facility, which is I think not

9/9/16 - PUBLIC HEALTH - RES. 160424

necessary. So when the regulations were trying to change that, you have to have a doctor affiliated with the facility who is on call, but doesn't physically have to be there.

So we're trying to deal with some of these issues in the regulations, and some of the things that made it an imperfect bill were necessary to get the bill passed. But I do think that the bill will, like most bills -- Social Security looks very different now than it did when it was first passed. I think over time this will get better and better, but I think it's going to be a great bill.

I mean, we're going to have 150 dispensaries, and we're the first state in the country to have a specific part of the bill dealing with clinical research, Chapters 19 and 20. We're going to be the leader in research in the nation because of these provisions, and that's another potentially 48 dispensaries if

it's for clinical trials. So we could potentially have 198 dispensaries in Pennsylvania. To give you an idea, I think New Jersey has three. All right? So, you know, I think we've made great progress. It's not perfect, but I think it's really a bill that we can be proud of and is going to make a big difference.

COUNCILMAN GREEN: Thank you. I have some additional questions, but I think the panel also has questions.

COUNCILWOMAN SANCHEZ: The Chair recognizes Councilman Squilla.

COUNCILMAN SQUILLA: Thank you, Madam Chair.

Senator, thank you so much for being here, and we really do believe this is an important piece of legislation that will benefit the City of Philadelphia and the Commonwealth.

During the policy and regulation phase, which I guess is going on now, and I'm sure there's give and take during this process, because we've

met with people who are interested in looking at locations in the City to see what is the best place and location to do this. Is there a timeline when these regulations and policies will be set forth?

SENATOR LEACH: Yeah. They estimate they'll be fully complete by 18 months after the bill was signed. The bill was signed in April. However, prior to that, a lot of things are happening. Almost immediately, 30 days after the bill was signed, a safe harbor provision kicked in for children who have conditions that are diagnosed and get it legally in other states. They can use it here. A safe harbor provision for adults kicks in after six months, which is we're almost there for that. And the application process will be much sooner than that.

So there will be -- and the regulations will be rolled out in stages. So at the end of 18 months, we should

9/9/16 - PUBLIC HEALTH - RES. 160424

have all of them out, but I think that we'll be well down the road to having functioning grow houses and dispensaries by then, because there's a ramp-up period for all of this. You have to go through the whole licensing process and you have to build a facility and you have to -- well, you have to sort of stare at soil waiting for cannabis to spontaneously -- because you're not allowed to transport it across state lines, so we can't get it from anywhere, and that could be a while doing this. So, you know, it is a ramp-up period, but we're trying to do it as quickly as we can.

I would just say one thing about that, which is that it's really important in terms of how friendly the regulatory environment is and how friendly the Administration is. In New Jersey, the Administration was fairly hostile and it was a nightmare. Whereas in Pennsylvania we have a Governor who is very enthusiastically supportive and a

regulatory environment that we think is very friendly and interested in getting patients the medicine they need. So we think that will help make the bill even better than it was when it passed.

COUNCILMAN SQUILLA: Because there are questions as you read through the bill and as people are looking at it as a business opportunity. And so I think the regulations and policies are something that hopefully will direct them in the right direction and know whether to move forward or not.

The other thing becomes supply and demand. So if we have these growing facilities and we have these dispensaries but yet we don't have a number of doctors writing prescriptions for it, what do we see as a possibility in growth? Is it something that we want to ramp out in phases or is it first come, first served? How is that going to work?

SENATOR LEACH: Well, let me just on the doctor issue, in order to

9/9/16 - PUBLIC HEALTH - RES. 160424

recommend it, you would have to be a certified doctor. You have to take a course. It's about a four-hour course as a doctor to just learn a few specific things about cannabis, and then you could do it.

Now, I don't know how many doctors are going to do it. I do know that many of them have contacted us and are interested in doing that. It's a business opportunity for them too. Because there will be -- I think if other states are a harbinger of things to come, there will be a very large demand. And so there will be, you know, people looking for doctors to see them who are willing to do this.

And a lot of the regulations we're doing -- and people know me as sort of a lefty in the Legislature, but, frankly, on this issue, we are largely -- our lodestar is letting the free market decide a lot of issues. We're trying not to be heavy handed and so forth. But we

think the free market will take care of the supply of physicians who are available. But, you know, my guess is that this will not be -- my guess is when the applications are available, there will be a much greater number of applicants than there are licenses from the beginning. And so I think it won't be the sort of thing that trickles out. I think it's going to be the sort of thing that once it's there, it's going to hit pretty consistently across the state.

COUNCILMAN SQUILLA: And my last question, I know, because we have to move on, but is there an opportunity for the state to look at some type of excise fee on this and is that something --

SENATOR LEACH: No. There is an excise tax in the bill. It's 5 percent.

COUNCILMAN SQUILLA: Five percent. And is that something that the state sees as a possibility to grow in the future?

9/9/16 - PUBLIC HEALTH - RES. 160424

SENATOR LEACH: Yes. It's unclear exactly how much money that will bring in, because it's unclear what the demand will be exactly, but we do know -- we think it will be substantial based on what other states have done. Also, there are the licensing fees, the renewal fees. And so there will be a stream of revenue separate from the businesses and ancillary businesses that pay taxes and the employees paying income tax and all of that that occur as a result of this.

I mean, some of -- I've toured grow houses and I've toured dispensaries in California and Colorado, and they employ a lot of people, and all kinds of people. It's interesting, we went to a grow house/processing place like they'll have in Pennsylvania and, you know, they not only have botanists, but they have engineers, they have chemists. They have all kinds of -- just like any sort of profession you can imagine, accountants that they employ, all of those people.

9/9/16 - PUBLIC HEALTH - RES. 160424

So that will be, I think, economically helpful to the communities as well.

COUNCILMAN SQUILLA: Thank you so much and thanks again for your time.

SENATOR LEACH: Thank you.

COUNCILWOMAN SANCHEZ: Thank you again, Senator, for your leadership in this. We're going to ask you to stay on that panel. We're going to ask our Health Commissioner to come forward, because he's on a time schedule, and testify, because we want you to be --

SENATOR LEACH: I do apologize. I have a 12 o'clock appointment somewhere else. So if I leave, it's not because I'm in a huff or angry.

COUNCILWOMAN SANCHEZ: We'll let the Commissioner come forward --

SENATOR LEACH: Unless I slam my fist down.

COUNCILWOMAN SANCHEZ: We'll let the Commissioner come forward and then we'll try to get you out of here by 12:00 by any additional questions that

his testimony may raise.

(Witness approached witness table.)

COUNCILWOMAN SANCHEZ: Thank you. Thank you, Commissioner.

COMMISSIONER FARLEY: Thank you very much. Should I start?

COUNCILWOMAN SANCHEZ: Yes, please.

COMMISSIONER FARLEY: I want to thank you very much for accommodating my schedule.

Good morning, Chairwoman Bass, Councilman Green, members of the Public Health and Human Services Committee. My name is Thomas Farley and I'm the Commissioner of the Philadelphia Department of Public Health. Thank you for the opportunity to provide testimony on Pennsylvania's forthcoming medical marijuana regulations.

As you know, Governor Wolf recently signed into law the Medical Marijuana Act, which establishes the

state's medical marijuana program. The state expects full implementation to take 18 to 24 months. Given the complexity of the issues involved, it's important that Philadelphia have an opportunity to shape the program as it's implemented in the City.

As we consider the regulatory scheme for medical marijuana, we must keep in mind that there are considerable risks to using this substance. The most important active ingredients in marijuana, which are abbreviated THC and CBD, have risks to the brain, including addiction and increased risk of schizophrenia. These risks are real, but they're also not well understood, as there's been little research on marijuana use.

Medical marijuana regulations should minimize the known risks of use and give policymakers the flexibility to adapt those regulations as new risks are identified. Government's experience with

9/9/16 - PUBLIC HEALTH - RES. 160424

regulating tobacco, alcohol, and prescription drugs indicates that we need a thorough regulatory system to prevent irresponsible marketing and minimizing the risk of use. Regulations need to cover areas including product testing to ensure that we understand how much active ingredient is present; forms available for purchase, such as oils, pills, and liquids that can be vaporized. For example, we'll need to consider whether medical marijuana can be used in electronic cigarettes and the safety implications of doing that. Packaging and labeling of products; promotion and advertising of medical marijuana; reporting on product distribution and sales, including reporting to local authorities; and measures taken to prevent diversion and identify when it has happened.

We'll also need to be conscious of state preemption of local authority to regulate local issues with medical

9/9/16 - PUBLIC HEALTH - RES. 160424

marijuana.

I should be clear that we have not yet had extensive discussions with state health officials on the law or their approach to state regulations. We will be having discussions soon, and we will update the Council as requested on those discussions.

Medical marijuana is new in Pennsylvania. The Department of Public Health does not have specific recommendations at this time on how to regulate the health-related areas I described or other topics that are sure to arise. However, the issues involved in implementing the new medical marijuana program are important, and we feel strongly that the City of Philadelphia should have a strong voice in how the industry is regulated that goes beyond just developing zoning rules about the siting of growers/processors and dispensaries.

I appreciate the opportunity to

9/9/16 - PUBLIC HEALTH - RES. 160424

discuss the program and look forward to continuing to engaging with you on this important topic.

COUNCILWOMAN SANCHEZ: Thank you.

I want to ask both of you, because the Senator brought up the issue of ensuring that pain and pain maintenance was an important part of it. In light of the opium addiction that leads to heroin -- and I represent Kensington -- I was very pleased to hear the research component to this. Is there anything that we know from other places where this has helped deter what's on the ground?

And, Dr. Farley, if you could give me kind of maybe from your medical perspective and then the Senator can start off with what you've seen in other places. Because for me, I look at this as an opportunity to help people do pain maintenance in a way that doesn't lead to kind of --

9/9/16 - PUBLIC HEALTH - RES. 160424

SENATOR LEACH: Thank you. And if I could just say very quickly in response to the testimony -- I'm sorry; Mr.?

COMMISSIONER FARLEY: Farley.

SENATOR LEACH: Mr. Farley's testimony. I would agree with much of what he said in terms of labeling and in terms of safety and so forth. I just want to say for the record that we disagree on a couple of things. First of all, we do not believe marijuana is addictive. We find that the term "addiction" has been sort of over-broadly used. It means different things, and there's words like "dependence." But let me give you an example.

Alcohol is addictive in the sense that if you're an alcoholic and you stop suddenly, you will face delirium tremors and possibly even death. Heroin, we all know what happens when you go off of heroin. Or even the opioids, OxyContin, so forth, you have dramatic

9/9/16 - PUBLIC HEALTH - RES. 160424

physical effects. None of those are present for people who stop using marijuana, even people who use marijuana constantly and stop abruptly.

Now, it is possible for people to be dependent on marijuana in the sense that if they don't get it, they get anxious and they're like, I really miss my pot, but that's not the same as physical addiction. And I liken marijuana to sex addiction, which is in the news somewhat these days, Tiger Woods and other people, where you could be like, Oh, my God, I really wish I could have sex, but you're not going to have delirium tremors if you don't. You're not going to die if you don't. You're not going to go through cold turkey night sweats if you don't. You're just going to be anxious and unhappy. I've been there. So there is that.

I would also note --

COUNCILWOMAN SANCHEZ: I was going to ask you for which one, but I'll

9/9/16 - PUBLIC HEALTH - RES. 160424

leave it there.

(Laughter.)

SENATOR LEACH: I would also say there is no lethal dose of marijuana. The way drugs where you have a lethal dose like opioids kill people is they suppress their breathing. In the endocannabinoid system, there are no cannabis receptors in the medulla oblongata, not to be overly technical, but it does not affect your breathing. You can smoke all day. You'll get a really sore throat, but you're not going to die. Okay?

And so a couple things to throw up there in terms of the public safety issue. In terms of what's happening in other states --

COUNCILWOMAN SANCHEZ: Particularly on the research component. What is it that we're going to do on our research component of the legislation to ensure that we're meeting and we're monitoring some of the areas of concern

9/9/16 - PUBLIC HEALTH - RES. 160424

but also some of the opportunities that this may present on, particularly for me, pain maintenance because of the opiate addiction piece is hugely interesting to me.

SENATOR LEACH: Chapters 19 and 20 provide specifically for state funds to fund research programs, processes for approving these research grants and research programs and very strict guidelines on how the research is done, what the reporting is that has to happen, and what areas are researched. There's a minimum number of people who have to be signed up for this research so we get reasonable-sized samples.

And I would also say one other area of disagreement. It's not true that there haven't been research on this. Not every country in the world has crazy laws like we do. Israel, Canada, China, Europe, there have been hundreds of peer-reviewed, double-blind studies. There's even been some here. They're

9/9/16 - PUBLIC HEALTH - RES. 160424

harder to get approved and often they have to be privately funded, but we've had a good number of them here as well which show remarkable results in a whole variety of areas, whether it's pain, whether it's spacticity for things like multiple sclerosis, whether it's -- there is a great -- I just saw an article. Google Time Magazine, diabetes, marijuana. Great article, 3,000 people, Harvard University study show that people who smoke marijuana metabolize sugar 17 percent more efficiently than people who do not, which suggests that it could be helpful in diabetes.

So there is a lot of research out there if people want to find it.

COUNCILWOMAN SANCHEZ: Thank you.

Dr. Farley.

COMMISSIONER FARLEY: Just addressing specifically the issue of chronic pain, I agree with you that the opioid problem is a crisis, that a huge

9/9/16 - PUBLIC HEALTH - RES. 160424

number of people who start out using these drugs often for pain become addicted to it and then often switch to heroin and they die of overdose.

I have not seen research on comparing marijuana to opioid for chronic pain. I can say if marijuana reduces the number of people who are addicted to opioids, that is a very positive thing. I do think we need additional research on this, and I would applaud the state for having funded research as part of this.

COUNCILWOMAN SANCHEZ: Thank you.

Councilman Green.

COUNCILMAN GREEN: I'd just like to follow up on Councilwoman Sanchez and the Health Commissioner and Senator Leach. I think one of the unique opportunities in this legislation is that there's not a lot of local research -- I mean, excuse me, not a lot of research in the United States regarding medical marijuana. As Senator Leach stated,

9/9/16 - PUBLIC HEALTH - RES. 160424

there's a lot of research outside of this country, but not enough research that's been done, and I think having Pennsylvania on the forefront of helping to fund that is very important.

Looking at your testimony, I know I see a concern in reference to packaging and marketing medical marijuana, and I guess I'm thinking about recently through regulation initially put forth by the Health Department in reference to tobacco. And we have a significant challenge in the City where we have too many retailers who are selling tobacco and we have a much higher incidence of people using tobacco, especially children. And so I gleaned from some of the aspects of your testimony in the context of some tobacco concerns. Am I accurate in my statements in reference to my analysis of your testimony, that if some of the concerns you raise, could that same perspective that we have in tobacco have medical

9/9/16 - PUBLIC HEALTH - RES. 160424

marijuana in reference to packaging and marketing and some of those things?

COMMISSIONER FARLEY: I would view them mostly separately, but except for the point that as we've heard, it's a business. Marijuana is a business, and so people will sell whatever they're allowed to sell legally. And so we need to think about the forms and ways in which they might sell this product that we think are dangerous, that increase the risk without any additional benefits to the patients who might benefit from the products.

For example, we don't want marijuana that looks like candy that's put in -- that it's not in child-proof containers that children might get.

COUNCILWOMAN SANCHEZ: Brownies beat you to it.

COMMISSIONER FARLEY: Excuse me?

COUNCILWOMAN SANCHEZ: Brownies beat you to it. That's already there.

9/9/16 - PUBLIC HEALTH - RES. 160424

COMMISSIONER FARLEY: Well, there are THC-impregnated gummy bears that are for sale.

COUNCILWOMAN SANCHEZ: Really?

COUNCILMAN GREEN: Oh, yes.

COMMISSIONER FARLEY: Yes.

Now, again, I want to be real clear. I have not had extensive discussions with the state regulatory authorities, and so there's a lot about this that I don't know, and so we'll defer to the Senator who knows more about this issue. But these are issues which we need to think through carefully. Whatever isn't prohibited will probably be done, because this is a business.

SENATOR LEACH: If I may, I did -- while Mr. Farley was speaking, I did bring up the article about opioid addiction from CNN, and if you want to e-mail it to yourself, you're welcome to do that. And that provides a lot of the good citations about how marijuana reduces opioid addiction.

9/9/16 - PUBLIC HEALTH - RES. 160424

If I can say something about the edibles. One of the things we're trying to deal with, originally the -- one of the things in the bill which I originally did not like was that the dispensers cannot sell fully completed edibles. People can make them, but the dispensaries can't sell them. But actually I think it turns out to be a blessing in disguise in this sense, because we're trying to put in the regulations that the dispensaries can sell edible kits. Now, an edible kit is something with at least two ingredients. Okay? And the point of that is that people then can go home and mix it, but you won't have -- that will cut down the risk of -- I'm not sure if I would use the term "impregnated." I may have used infused, but a gummy bear with cannabis on it, which we don't want. That was a real problem in Colorado originally. They made it look like candy and kids were taking it and eating it and having a

bad day.

So if there's a kit, there won't be that situation. Someone has to mix things together and process it, which will cut down on kids accidentally doing this, but still give people the opportunity to use edibles if that's the most important delivery system for that. So we're hopeful that will work out.

COUNCILMAN GREEN: I just wanted to follow up, and I've had a chance to go through the grower/processor regs as well as the medical marijuana program regulations, and I'm curious if whether the Health Department, along with other City agencies, are going to be compiling any type of information to send information to the state, to the Department of Health regarding their concerns in reference to the regs and suggestions or possibly changes that they see may need to be done for a city of the first class like Philadelphia?

COMMISSIONER FARLEY: Yeah.

9/9/16 - PUBLIC HEALTH - RES. 160424

We're going to start with a more thorough understanding of where they're currently headed with the regulations, and then based upon that, we may very well communicate to them what our concerns are and specific recommendations.

The bill is more than 20 chapters. It's a complicated bill, and we have read it, but still it's a very complicated area. And so I want to be, again, honest that I don't thoroughly understand it at this point, but I just want to raise some cautions as we step through the process.

COUNCILMAN GREEN: The only reason I say that, because I know the comment period for the grower/processor regs in the medical marijuana program, I think they closed August 28th, and sometime I guess in the coming weeks we'll see the dispensary regulations in the draft form as well. I guess my concern, if there are issues and concerns on implementation, it probably makes

sense now to even pull together maybe representatives from the Health Department, Planning, L&I to kind of come together to say, Listen, we need to send some type of formal response to the Department of Public Health regarding some concerns as the drafting process is going on.

COMMISSIONER FARLEY: We certainly will be communicating before that day closes out and we'll engage with the others as we do that.

COUNCILWOMAN SANCHEZ: Thank you.

We'll recognize Councilman Squilla.

COUNCILMAN SQUILLA: I know you have to run. Both of you have to run. But you know some of the issues we had, I guess, with Suboxone that was the great idea and I think something that was anticipated to where you know you have the less intrusive clinic type style. We have doctors be able to supply this. And

9/9/16 - PUBLIC HEALTH - RES. 160424

then we saw what happened with some doctors that took it to another level and became sort of their own little pill mills.

Are there any guidelines in this legislation that would prevent what we're seeing with some of our Suboxone doctors that, thank God, two of them have been arrested, one recently in Councilwoman Sanchez's district? But is there something in the guidelines that could prevent this from happening? Like with the Suboxone bill, there was supposed to be only, I think, a maximum of 100 patients that would be able to be subscribed Suboxone. Is that something that is looked at here or is there any way to then go over to regulate doctors that are doing this in an illegal fashion where it doesn't take years before you could catch up and stop them?

COMMISSIONER FARLEY: I have not seen any quantitative limits on the number of patients that a doctor can

recommend or prescribe medical marijuana to or the number the dispensary can handle. And so I don't know whether that's a problem as well. Again, those are things we need to think through.

SENATOR LEACH: We think it's less of an issue than it is with some of the opioids for a variety of reasons, but the -- and it's also a slightly different system, in that you don't write prescriptions for specific amounts. You write recommendations, which are then processed through the Department of Health and you get a card which you can take to a dispensary. So it's a little more challenging to sort of form shop, because your card -- everyone's card -- it's not like a doctor writes a prescription to you and then you go to him and he writes another prescription for you and you go to a third doctor. That can't happen, because they're not writing prescriptions. They're writing recommendations, all of which go to the

9/9/16 - PUBLIC HEALTH - RES. 160424

Department of Health, which is only going to give you one card.

So we think that sort of thing -- and then there's also the new statute which is a different statute relating to how we monitor medical prescriptions and so forth, which is coming online now, that we think will also help.

We think diversion is very unlikely to be a big problem. It hasn't been in other states. One of the things is it's still -- if you want to get high, if that's what you want, you're not really sick, you're a teenager or you're whatever, you just want to get stoned, there's many better ways to do that than go through the prescription or through the medical marijuana process in Pennsylvania. It's much more cumbersome than going behind the bowling alley and buying it, which is what people do now. And so we don't think that's going to be a big problem. We actually think it's

9/9/16 - PUBLIC HEALTH - RES. 160424

going to reduce the number of people who are abusing it.

COMMISSIONER FARLEY: If I could add, I think there would be some benefit to at least thinking about reporting of the number of prescriptions, or whatever they're termed, to local authorities so that we have some measure of what is actually happening to the market. So if problems were to crop up, then we'd be in a much better position to take appropriate action.

COUNCILMAN SQUILLA: Is that something that we think the state would be willing to do? Because I know even in the collection of data now and I guess HIPAA regulations, whatever interferes, sometimes it's hard for us as a city when we feel like we have doctors that maybe aren't performing as well as they should be to share that information.

SENATOR LEACH: Yeah. And in fact, in terms of willingness, absolutely. I mean, again, I'm not the

9/9/16 - PUBLIC HEALTH - RES. 160424

sole decider of any of this. There's a whole process that's going on. So speaking, I think, for everybody, we had this conference, we have other -- we've been seeking input. If someone has a specific suggestion with regard to that, e-mail it to me. I'll make sure it gets to all the right people.

We want as few problems as possible. Particularly me and Senator Folmer, the sponsors of the bill, you know, our name and reputation is sort of on the line and we're not looking for problems. We're looking for solutions. So anything that would head off any potential problems, we're happy to take a look at.

COUNCILMAN SQUILLA: Thank you very much.

COUNCILWOMAN SANCHEZ: Thank you.

Councilman Green.

COUNCILMAN GREEN: Just to wrap up, because I know Dr. Farley and Senator

9/9/16 - PUBLIC HEALTH - RES. 160424

Leach have to go. This is a question actually more for Senator Leach in reference to -- I know the regulations for grower/processors. The Health Department will look at various factors on whether to initially grant or deny a permit, and those five factors dealing with the reasonable population, number of patients suffering from serious medical conditions, the type of serious medical conditions found in the region, access to public transportation, and the health needs of rural and urban areas. I know you're not part of the Department, but being the sponsor, I'm curious, how do you think they may be thinking about in reference to looking at those five factors as they identify grower/processors in the different regions?

SENATOR LEACH: You mean in terms of awarding licenses?

COUNCILMAN GREEN: Right.

SENATOR LEACH: That's an

9/9/16 - PUBLIC HEALTH - RES. 160424

ongoing discussion. Those five factors -- there's other factors. I mean, the statute does not preclude other things. I mean, for example, a diversity plan and all of those sorts of things. So we are -- there are meetings going on constantly to figure out what is the best way to award licenses so people are -- we want the most responsible people, the people who are able to make a go of it, not only financially and economically but also in terms of how they're going to treat their patients, how they're going to treat their workers, how they're going to comply with regulations and the law. So we're going to be looking at all of those things.

COUNCILMAN GREEN: Thank you.

COUNCILWOMAN SANCHEZ: Thank you.

SENATOR LEACH: Thank you very much.

COUNCILWOMAN SANCHEZ: I thank both of you for this. Again, I'm very

9/9/16 - PUBLIC HEALTH - RES. 160424

encouraged by the research arm and the other components, and maybe as we talk about opium and the whole new system coming in place, we can use this as a model of what we should be doing with some of the other areas where we have problems. And I'm glad that there was a little bit of a stigma attached to it, because it allowed people to kind of think through how do you create an industry that's going to have minimal disruption. And in cities like Philadelphia, a first class city, there's going to be a concern around location and all of the other things that we see with the way we fund, because the problem is how we fund methadone clinics that require the level of volume that they become disruptive as opposed to being able to fund it so that it is the least disruptive to neighborhoods since we need them in every neighborhood, because clearly the addiction and the need is in every neighborhood.

9/9/16 - PUBLIC HEALTH - RES. 160424

So we want to thank both of you for this, and we look forward to continuing the conversation. I am going to ask you, Senator, to forward the article that you were talking about --

SENATOR LEACH: I will.

COUNCILWOMAN SANCHEZ: -- to the Committee or to Councilman Green and share that along. I'm always interested in anything that has to do with what we're dealing with with these addiction problems. So thank both of you.

(Thank you.)

COUNCILWOMAN SANCHEZ: And then we are going to move along. We have Paula Brumbelow from the City Planning, and then I'm going to ask Mr. Charles Pollack, Lindy Snider, and James Schwartz to prepare, that they will be our next panel.

(Witness approached witness table.)

COUNCILWOMAN SANCHEZ: Thanks for the maps too. Those are all yours?

9/9/16 - PUBLIC HEALTH - RES. 160424

MS. BRUMBELOW: One of our GIS people made all the maps for us today.

COUNCILWOMAN SANCHEZ: Thank you. Proceed with your testimony.

MS. BRUMBELOW: Good morning, Councilwoman Sanchez and Councilman Green. My name is Paula Burns and I'm the City Planner with the Development Division of the Philadelphia City Planning Commission. I'm here to testify regarding zoning and planning for medical marijuana facilities within the City of Philadelphia.

The Commonwealth of Pennsylvania recently enacted the Medical Marijuana Act, which allows for marijuana to be grown and dispensed for certified medical uses. The program will be heavily regulated by the state, both in terms of practitioners who can prescribe the medicine, patients who must have special identification and prescriptions for pick-up at the dispensary, and in terms of grower/processors who grow and

9/9/16 - PUBLIC HEALTH - RES. 160424

manufacture the medicine, and restrictions on permit holders for each activity. While the legislation itself outlines how medical marijuana will be implemented and regulated in the Commonwealth, much of the detail is left to agency regulations. Temporary regulations, which will be issued by the end of the year by the state Department of Health, will offer guidance on many of the questions that we still have.

I want to quickly go over what the state is classifying as types of uses that will be permitted. So a grower/processor is a business that holds a permit under the Act from the Pennsylvania Department of Health to grow and process medical marijuana. Dispensary is a business that holds a permit under the Act from the Pennsylvania Department of Health to dispense medical marijuana.

The authorizing legislation addresses zoning by stating that

9/9/16 - PUBLIC HEALTH - RES. 160424

grower/processors will be subject to municipal zoning and land use requirements just as manufacturing, processing, and production facilities located in the same zoning district. Similarly, dispensaries must meet the same municipal and land use requirements as other commercial facilities located in the same zoning district.

The staff of the City Planning Commission has been researching how other jurisdictions have regulated both medical and recreational marijuana growth, processing, and use. Many of those zoning requirements have included limitations on hours, numbers of facilities, and zoning districts where those activities are permitted. Many codes also include security requirements, background checks for employees, roll-down gates, information on the storage safes, stand-alone facilities, odor control, limitations on the amount of product within the dispensary, and

9/9/16 - PUBLIC HEALTH - RES. 160424

visibility of product from the street, as well as prohibitions on on-site consumption. Other codes also require setback requirements from public facilities, transit stations, residential areas, schools, regulated uses, homeless shelters, and other dispensaries and growing/processing facilities.

Some jurisdictions also permit home delivery for those patients that are not able to travel. By having home delivery for medical patients, it may allow us to be conservative on the locations of dispensaries and possible future recreational stores. If this was something we would like to include, we would need to look closely at who can carry and deliver, how much can be transported, and whether we would need a verification system showing that the person receiving the product is the actual patient.

In considering potential approaches to zoning for medical

marijuana facilities, we first looked at our Regulated Use section of the code and addressed appropriateness of adding grower/processor and dispensaries into that section of the Zoning Code. Our current code requires that a regulated use, which include adult uses, pool rooms, drug paraphernalia store, gun shops, detention and correctional facilities, meet setback requirements from protected uses and residential zoning districts. Those setbacks are as follows: It is 1,000 feet from other regulated uses; 500 feet from any residential or special purpose institutional district; 1,000 feet from special purpose-entertainment districts; and 500 feet from protected uses, which include religious uses, residential uses, hotels, convention/civic centers, public and private schools up to 12th grade, public playgrounds, public swimming pools, public parks, public recreation centers, and public libraries.

9/9/16 - PUBLIC HEALTH - RES. 160424

Based on our review, we believe today that the best way to meet the state's goals of accessibility for patients would be to classify dispensaries as a regulated use, but to remove the distance requirements for residential area districts and convention center.

So on the maps to your right, we have two different maps. The first is for potential location of dispensaries with every distance buffer that's listed under Regulated Use. We thought that left very little locations, so it would be what is in bright red and not covered by the gray. We then decided what if we took out just the residential district buffer and convention center/civic center since that's just one primary location, and we found that we could then at least locate a dispensary in every Council district, which may meet some of the goals that the state legislation really was created for. So we're just showing

9/9/16 - PUBLIC HEALTH - RES. 160424

you two options of looking at dispensaries.

We would consider the dispensaries as commercial enterprises and permit them, with the spacing requirements, in all commercial districts except for CMX-1 and CA-1, which tend to be smaller scale commercial areas abutting residential districts.

So on the right, we have -- or on your left, we have for the growing/processing facilities as manufacturing, use, and permit, those as a matter of right in the I-1, I-2, and I-3 industrial areas.

So they are highlighted with the Regulated Use cover on the left-hand side map, and then on the right-hand side map, it's with all regulations for Regulated Use removed for the grower/processors. So it just kind of can show you some options that we have to look at.

The coming of medical marijuana

to Pennsylvania is significant to Philadelphia in a myriad of ways. Its significance with respect to patients, neighborhoods, economic development, and other aspects of central importance to members of Council, the Administration, and the City as a whole is beyond question. The staff of the City Planning Commission is committed to working with Councilmembers, staff, the Administration, and public stakeholders to understand the City's needs and concerns. We will assist and support Council in developing and drafting zoning legislation that balances the needs of all those involved.

Thank you for the opportunity to testify today. I will be happy to answer questions at this time.

COUNCILWOMAN SANCHEZ: I don't want to have anybody doing remapping next week on some of this stuff, but let's talk about this a little bit just for clarification purposes.

9/9/16 - PUBLIC HEALTH - RES. 160424

MS. BRUMBELOW: I know. I just got that e-mail this morning. We're working on somebody.

COUNCILWOMAN SANCHEZ: I knew that was coming.

You circulated the e-mail too early last night.

Question, just for clarification purposes, the "regulated use" terminology that you're saying the state would have would allow us to then kind of put it in some of our zoning districts with restrictions. Is that why you want it to be listed as a regulated use?

MS. BRUMBELOW: Yes. So it's one of those things -- and we talked to the state about this, along with the Law Department on this, and we don't think the legislation bans us from listing it as a regulated use. The state looked favorably on it because it kind of solves a lot of concerns. So we can put it as a full regulated use. We could take out

some of the classifications, all of the classifications. So we have flexibility in writing the code so it best suits our city. And so the state seemed favorable on a discussion last Friday on that.

COUNCILWOMAN SANCHEZ: Okay. And then --

MS. BRUMBELOW: And so we kind of wanted to make sure that Council felt they still had control within their own destiny.

COUNCILWOMAN SANCHEZ: Right. And then in terms of -- but what you're saying based on your testimony is that other than the CA-1 and CMX-1, it would be an allowable by-right use at the other classifications?

MS. BRUMBELOW: It would still be by-right and as of use if they met the setback requirements as a regulated use.

COUNCILWOMAN SANCHEZ: Okay. All right. So I just want to make sure I put that on the record.

MS. BRUMBELOW: And I make sure

9/9/16 - PUBLIC HEALTH - RES. 160424

I want to answer that right.

COUNCILWOMAN SANCHEZ:

Councilman Green, you had some.

COUNCILMAN GREEN: Yes. Thank you, Madam Chair.

Thank you, Ms. Burns, for being here. I know this is not your normal environment. Normally we're over at MSB at Zoning in a little different dynamic, especially from my experience as a zoning attorney both in Council and the private sector. So I'm curious in reference to both from the dispensaries and the grower/processors when you said flexibility. When you're talking about all of the distance buffers, of course that reduces the number of locations, where if you exclude some of the residential district buffers, it opens up more from my just quick cursory review. So I just want to get some perspective where the bounds may come about. Like why would you keep some versus others?

MS. BRUMBELOW: On the left map

versus the right map, when we had all of the regulated dimensions on there, it basically really limited, and so one of the goals is that the patients within the City are able to access it. If I'm sick, I don't necessarily have an easy ability to access. So we took out convention center/civic center, because we really only have one convention center, possibly a civic center, but that would be in a special purpose institutional district, so it's already covered. So we took the Convention Center out.

We took just residential districts out to kind of see how much it opened, and it amazingly opened up so where we could have at least a dispensary in every Council district, and I think that would meet the goals of the state. And sometimes we look sometimes at protecting the City at not seeing lawsuits. So we wanted to make sure we kind of looked at that as an option.

The City of Chicago has a

zoning regulation that while you don't have to be set back from a residential district, you cannot be placing a dispensary in a building that has a residential unit. That's something where we could also incorporate that if that was a necessary thing.

So we just kind of used this as a starting point for discussion. We didn't want to get too far and like write legislation without getting input from Council and the community.

COUNCILMAN GREEN: That's interesting, because I was going to ask you about what's been your contact/input from other jurisdictions. You mentioned Chicago. What have you gleaned from what they've done from dealing with this issue?

MS. BRUMBELOW: And Chicago is a good example. They're relatively new at this, but they're also only medical marijuana. So the state kind of licensed how many people could get licenses.

9/9/16 - PUBLIC HEALTH - RES. 160424

Let me use my cheat sheet.

And I'm not saying -- this is not my personal habit, but I have visited when I go on vacation to Colorado or Washington or Vancouver, I take the time to go into the store just to see what's happening so we could be aware.

COUNCILWOMAN SANCHEZ: Thank you for on your personal time you're working.

She's working on her personal time.

MS. BRUMBELOW: Personal time. I have to tell you, I sneezed the whole time in the store.

COUNCILWOMAN SANCHEZ: So aesthetically how do the stores look? Because when we talk about residential uses, everybody is always concerned about what does it look like.

MS. BRUMBELOW: It varies differently. In Vancouver, it's very conservative. It just kind of has a name that will reference a marijuana

9/9/16 - PUBLIC HEALTH - RES. 160424

reference. So it's like -- I'm throwing this off the top of my head -- Canna Club or PharmaCannabis. So it's a very kind of a subtle reference. There's usually not a marijuana leaf associated with it. It kind of looks like a regular storefront that kind of fits in to the business district it's in.

COUNCILMAN GREEN: Like a pharmacy.

COUNCILWOMAN SANCHEZ: We have signage issues in this city. People think they need to put six signs to say they sell beer.

MS. BRUMBELOW: There is a jurisdiction --

COUNCILWOMAN SANCHEZ: You sell beer. You don't need six signs.

MS. BRUMBELOW: I'm not going to quote the jurisdiction, but I believe it is San Francisco that they actually control the signage specifically. And don't quote me on San Francisco, but it's either San Francisco or the whole state,

because it's very specific on the signage. That's something we can always incorporate for the legislation.

COUNCILWOMAN SANCHEZ: Okay.

MS. BRUMBELOW: And what was your question on Chicago?

COUNCILMAN GREEN: I was asking your input on other -- you were starting to talk about other jurisdictions and you were mentioning Chicago and you were pulling this information out what you gleaned from your educational visits.

MS. BRUMBELOW: I did not make an educational visit there, but it's one of those that they tend to do better in the commercial district. They're mostly limited to -- dispensaries are mostly limited to commercial districts or industrial districts. One of the problems with our industrial districts, the properties are so very large and sometimes the bus routes are farther away whereas a commercial. And if you look kind of how we have it, it's kind of hard

9/9/16 - PUBLIC HEALTH - RES. 160424

to see. It's easier on the Council district maps. They're on commercial corridors. So they can be on bus routes, train stops. So it kind of makes it a little easy. So Chicago really stuck with commercial for the dispensaries only. They can be in mixed-use service districts, no residential units in the building. They are banned from manufacturing districts. Chicago --

COUNCILWOMAN SANCHEZ: Excuse me. They're banned from manufacturing districts?

MS. BRUMBELOW: Dispensaries are banned from manufacturing districts.

COUNCILWOMAN SANCHEZ: Oh, dispensaries. Okay.

MS. BRUMBELOW: They also want to prevent them from being 2,500 feet from any school, daycare center or dwelling units. So they have different types of distancing, each jurisdiction. One has a mile. I think a mile is a little conservative.

9/9/16 - PUBLIC HEALTH - RES. 160424

So there's a lot. We can share this information with you. I have it.

COUNCILMAN GREEN: So in making the thing about CMX locations, especially on commercial corridors for dispensaries, I mean, that's going to be -- there's this balance between trying to have an industry where people that have issues, medical issues, have access.

MS. BRUMBELOW: Yes.

COUNCILMAN GREEN: And some may, because of the economic perspective, may not be able to drive, so bus routes are important. And how do you see the balance in those two issues of making access? You touched on it a little bit, but the access for people who really need the medication versus the concerns of being a regulated use in a commercial corridor.

MS. BRUMBELOW: It is that balance. So it's why we automatically looked at taking out CMX-1, which is really your corner store commercial. We

9/9/16 - PUBLIC HEALTH - RES. 160424

don't even allow restaurants in those. Taking out CA-1, which are those tiny little shopping centers, usually have very minimum parking, and if the parking is in the front, it's always full. If the parking is in the back, it's not easily accessible. Those were really neighborhood-based districts. So we look at the CMX-2 and 2.5, which are on commercial corridors. By opening up CMX-3, 4, and 5, it opened up Center City, because we have more 4 and 5 in Center City. But then the CA-2, which is the big large-scale shopping centers, in looking at those, they have parking. They usually have public transit access. So it's kind of looking at that balance of which districts do you want to put it in. We can always break down each zoning district specifically if that's a request so we can answer that fully. We didn't want to go -- it's kind of that balance, we didn't want to go too far today because we didn't want everybody to think

we had made a decision.

COUNCILMAN GREEN: Right.

COUNCILWOMAN SANCHEZ: I think it's important as we start this conversation that -- and I'm glad that you were looking for a way to make sure that every district was covered, because too many times in this Council floor we're banning stuff for certain parts of the City, and I think that to the extent that we are looking at code requirements that facilitate access throughout the City for everyone as opposed to the situation that we find ourselves where certain districts are more heavily utilized for certain uses because others jumped ahead and banned them and then there's not a fair distribution of the needs, because this is -- we are starting as a need situation around medical marijuana. And so having that conversation early on I think is hugely important.

You have another question? I

know we have another panel.

COUNCILMAN GREEN: Just to follow up on what Councilwoman Sanchez stated, because I want to make some transition to the grower/processor side, where that's the perspective that I see some of that concentration that Councilwoman Sanchez talked about. I was just in a conversation last night and just off the top of my head, when I was thinking of locations that will be most likely available for a grower/processor, it would be the old G industrial locations, G-1, G-2, which most likely are going to be Delaware Avenue, Southwest Philadelphia, as well as possibly Washington Avenue, and I saw Grays Ferry, which is just a continuation of Washington Avenue. So I guess from that perspective, what are your thoughts? Because I did see that concern about concentration of especially the grower/processors on Delaware Avenue, Southwest Philadelphia. And because of

9/9/16 - PUBLIC HEALTH - RES. 160424

the dynamics we've had in the past, especially like in Southwest where in my conversation with Southwest CDC and others, they already feel over-industrialized from an auto use.

MS. BRUMBELOW: Yes.

COUNCILMAN GREEN: So how do you see that perspective?

MS. BRUMBELOW: One of those is -- when we had all of the regulated uses on that, we still had a fair amount of industrial available, but the industrial available, yet again, got specific to Council district. So was the burden being equal? Was it caring, was it giving as much opportunity? Because we don't want to also create a zoning district where there's only four available parcels. That kind of isn't the right way to do it either.

So we looked at removing all of the regulated uses, and one of the things about it is all of the medical marijuana has to be grown inside. So it's not

9/9/16 - PUBLIC HEALTH - RES. 160424

going to be a field. We're not going to necessarily have the urban agriculture kind of an element. Urban agriculture is allowed in every zoning district. So this does not just grow the plant, trim the plant, dry out the plant, but they then do -- most of them, from my research, do the processing on site. So it really is much more of an industrial use.

So we looked at that. When you drive by, you can't tell what they're doing inside. Their security to them is more important than any security we could probably come up with, because it's their investment, and it's a cash investment, so -- there's security. So I don't think they want to necessarily have a giant sign outside going "pot grown here." They probably want to kind of keep it -- I hate to use this word -- on the down low, in a subtle kind of a way.

So we thought if we don't know they're there from the outside, is it

9/9/16 - PUBLIC HEALTH - RES. 160424

really something that needs to be a regulated use? Really the biggest issue we kind of came up with is, we thought security was the biggest issue. When we talked to the state about that, the state asked us what our security measurements required, and I'm like, We don't have any. We just assumed they have good standards. We trust you all. So it's one of those things where we thought taking the regulated use out then opened up all of our industrial districts, and so we could possibly, depending on how many licenses the state gives us, locate them throughout the City so in case it is for job creation, it's not just focused in one district. It gives more job creation opportunities in the City.

COUNCILWOMAN SANCHEZ: Well, thank you very much and thank you for being so proactive. As I said, the mapping and the visuals are always important for folks. Again, I want to make sure that we put our hands around

this so that we don't overemphasize this in one particular area. So maybe the terminology is about job creation opportunities so that people are more willing to step away from the kind of the NIMBY conversation that we continuously have.

I can tell you that being on the down low doesn't always help since there have been a few raids in some of our industrial zones that we've seen, even when they're quiet.

MS. BRUMBELOW: Yes.

COUNCILWOMAN SANCHEZ: People know they're there.

But thank you so much. Thank you, Paula. We really appreciate it.

MS. BRUMBELOW: Thank you very much.

COUNCILWOMAN SANCHEZ: So we're going to go to our next panel, which is Charles Pollack, Lindy Snider, James Schwartz. Some of you have written testimony, so unfortunately we spent a

9/9/16 - PUBLIC HEALTH - RES. 160424

whole lot of time in the beginning putting this in a context, but if you could summarize your presentations, we're going to greatly appreciate it.

After that, the next panel will be Chris Goldstein, Bridget Hill, and Richard Ost. So we'll start with this panel and the other folks can stand by.

(Witnesses approached witness table.)

COUNCILWOMAN SANCHEZ: State your name for the record and proceed. Speak right into the microphone too.

DR. SMITH: Good morning. I am Dr. Hannah Smith. I'm the Associate Director of the Institute of Emerging Health Professions at Thomas Jefferson University located here in Philadelphia. I'm here speaking on behalf of Dr. Charles Pollack.

Jefferson, through its academic and clinical entities at Thomas Jefferson University and Jefferson Health, including now Abington Health and Aria

Health, is re-imagining healthcare for the Greater Philadelphia region and Southern New Jersey. Jefferson has 23,000 people dedicated to providing the highest quality compassionate clinical care for patients, educating the health professionals of tomorrow, and discovering new treatments and therapies to define the future of care.

With a university and a hospital to date to 1824, today Jefferson comprises six colleges, nine hospitals, 24 outpatient and urgent care locations, and a multitude of physician practices throughout the region, serving more than 96,000 inpatients, 363,000 emergency patients, and 1.9 million outpatient visits annually.

I want to thank the members of the Committee for the opportunity to provide testimony. Again, I'm speaking today on behalf of Dr. Charles Pollack. He is the Director of the Institute. He was called away unexpectedly for clinical

9/9/16 - PUBLIC HEALTH - RES. 160424

duties. Dr. Pollack also serves as the Director of Jefferson's Center for our Medical Cannabis Education and Research, or CMCER, which launched on May 31st of this year as the first and only health sciences university in the United States to create an academic resource for optimal education research and practice concerning medical cannabis. The Institute of Emerging Health Professions is charged with anticipating new and evolving needs for healthcare and healthcare-related education and training. The use of cannabis and cannabinoids as adjunct medical therapies for a number of disease processes clearly qualifies as an emerging health area. Clinicians have many questions about it. Patients and their caregivers are demanding access to it. Politicians and law enforcement personnel are concerned about it, and the federal government and many state governments are at odds about it, all this notwithstanding the

9/9/16 - PUBLIC HEALTH - RES. 160424

Commonwealth of Pennsylvania has enacted a unique and visionary medical marijuana legalization act that has inarguably the most academic approach to this complex issue, with specific support for research mandated by the law.

CMCER, which by design has a national and international focus, has not been very involved in the ongoing lead-up to the implementation of Act 16 here locally in the City of Philadelphia and across the Commonwealth. CMCER is currently focused on three areas of activity. The first is educational, including training courses for physicians, pharmacists, physician extenders, nurses, and educational programs for the public, and curricular modules for medical schools and residency training programs.

The second is the establishment of a global research agenda for the advancement of the science underpinning medical cannabis in various conditions,

9/9/16 - PUBLIC HEALTH - RES. 160424

some of which may be done locally or within the Commonwealth.

The third is a think tank for entrepreneurial and social justice issues around best practice methods for providing medical cannabis to those who qualify for it, which will have a particularly high profile in the City of Philadelphia. This think tank will be called SI or the entrepreneurial and social impact initiative of CMCER.

The educational and research activities will be overseen and led by an international steering committee of physicians and scientists who are leaders in medical cannabis research and practice. Three are from within the City of Philadelphia, nine are from within the United States, and one each is from Israel, Spain, and Canada.

CMCER is dedicated to elevating the level of scientific, clinical, and social discourse about medical marijuana. While having international footprint, our

9/9/16 - PUBLIC HEALTH - RES. 160424

home is here in the City of Philadelphia, and we wish to assure you today that the resources of our unique and innovative center are available as Act 16 is implemented.

COUNCILWOMAN SANCHEZ: We'll let everyone testify and then we'll have a few questions.

You may proceed.

MS. SNIDER: Good morning. My name is Lindy Snider and I'm honored to testify today as the City moves forward to regulate the medical marijuana industry in Philadelphia.

First, let me tell you a little bit about my connection to some of these issues. I have been involved in medical marijuana in the industry for the last four and a half years. I helped launch multiple medical marijuana start-ups, and I've worked with companies testing agricultural and scientific advancement of medical marijuana, creating tracking and security technology, and investing in

9/9/16 - PUBLIC HEALTH - RES. 160424

banking and finance, underpinnings of an industry. I'm on the advisory board for many medical marijuana-related entities, including Green House Ventures here in Philadelphia and Jefferson's new CMCER. So I'm on the selection committee for Arcview, which is the country's leading cannabis investment network. Locally, I'm the founder and CEO of Lindiskin, which makes skin care for side effects to the skin from cancer treatment, so from chemo and radiation. I plan to create a medically infused skin care line in the near future also for cancer patients.

Outside of the medical marijuana space, I'm active in many local organizations, including boards of the Ed Snider Youth Hockey Foundation, Fox Chase Cancer Center, the Philadelphia Orchestra and many more.

On a personal level, because I'm from Philadelphia, I have a deep commitment to the responsible implementation of medical marijuana here

9/9/16 - PUBLIC HEALTH - RES. 160424

in the City. I have seen medical marijuana provide pain management and relief for both of my parents in the last two years as they struggled and succumbed to cancer. I cannot even tell you how it helped them.

Medical marijuana can provide significant benefits to Philadelphia and across the Commonwealth. This new exciting industry will spur economic development in all different cities and towns across the state, but we want to see that right here. The medical marijuana industry will help create jobs in retail, construction, research and more. Industry provides workers with training with new skills, and the industry can also partner with the City to develop education programs for high school, college-age children, and work with the City Health Department to provide education on appropriate use of medical marijuana products and how they are used to treat disease.

9/9/16 - PUBLIC HEALTH - RES. 160424

In cities and towns across the country, industry is partnering with local communities for charitable purposes and research. If implemented correctly at the local level, medical marijuana will enhance quality of life for people in Philadelphia by providing new opportunities as stated, but also including new opportunities for those unable to afford higher education.

The first priority in implementing a medical marijuana program is typically patient access. In Pennsylvania, Act 16 already tells us that initially the state Department of Health will allow up to 50 dispensary permits, and those 50 permits can have up to three locations each. So we may see up to 150 dispensary locations across the state. I tend to think that isn't enough and I hope the state allows all 50 permits to be released through the state application process.

Geographic accessibility is the

9/9/16 - PUBLIC HEALTH - RES. 160424

key to providing broad-based access to all patients regardless of socioeconomic status, race or ethnicity. Just like pharmacies, patients should not have to drive clear across town to an industrial area to access medicine. The City can provide a great service to its citizens by trying to ensure that the Philadelphia area is allowed at least six to ten dispensaries that are accessible, geographically spread out, and close to public transportation.

Part of ensuring patient access is setting up a local system that is not more onerous than what is already in place at the state level regarding security and reporting, both big concerns. Under Act 16, the state has set up extremely stringent and rigid safety and security and documentation requirements for dispensaries. Many dispensaries across the state will be smaller businesses, and if you add requirements that are in addition to or

9/9/16 - PUBLIC HEALTH - RES. 160424

more than the state requires, you may find that smaller shops can't keep up with the larger ones and they'll be driven out of business. I recommend starting the Philadelphia program by allowing dispensaries to operate as authorized by statute. This will go a long way in allowing dispensaries to be successful in getting medicine to patients. In lieu of different security and reporting requirements, perhaps the City can request a parallel reporting system so that the industry reports to the City what it reports to the state already.

A major struggle for municipalities is how to deal with zoning. The challenge, from our perspective, is to avoid a local regulatory scheme that makes zoning for medical marijuana dispensaries more difficult than it needs to be, which ultimately makes medical marijuana difficult for patients to access.

9/9/16 - PUBLIC HEALTH - RES. 160424

Pre-existing industrial zoning schemes are often effective for the growing, processing, and dispensing of medical marijuana. The state has already implemented a thousand-foot rule from schools and daycares, and more restrictive zoning may make it difficult for dispensaries to actually find any acceptable locations. Indeed, rather than overly restrictive zoning, it should likely be more effective to regulate the look of the business.

So, for example, it would be important to restrict signage or pictures showing pot leaves or other pop cultural images, or make sure that all glass walls in dispensaries are covered in a film so that the glass becomes opaque.

One additional recommendation, I believe it's actually very important to engage local neighborhoods on these issues, to provide the opportunity for their input into this process. If the community is involved in creating the

9/9/16 - PUBLIC HEALTH - RES. 160424

optimum look and feel of the locations, you may find that they come to understand the value of this medicine and the opportunities it can bring to their community.

After considering access, another important consideration is education. Medical marijuana is new, and it needs to be untangled from its reputation, as Senator Leach said, as just an illicit drug. Research is finding the benefits of medical marijuana to be substantial. Pennsylvania law allows for medical marijuana to be used in 19 different health conditions, including pain management. Philadelphia is suffering from the terrible effects of prescription opioid and heroin addiction, and states that implement medical marijuana programs experience a 25 percent reduction, as earlier stated.

This isn't Woodstock. It's not legalization of marijuana. This is about the benefits of a new and strictly

9/9/16 - PUBLIC HEALTH - RES. 160424

regulated form of medication to treat legitimate health issues, including pain management. Philadelphia needs to recognize the difference as they consider these regulations. So it's vitally important that they understand the benefits of marijuana. The community itself needs to be educated about Act 16 and Pennsylvania's program. The stigma associated with a new industry can create anxiety for businesses and residents located in close proximity to dispensaries, as we've seen in other states. However, they will have established security standards that meet or exceed security requirements of even banks and casinos. So once again, it is vital that we educate residents and business owners so they understand and are made aware of the strict requirements governing the operation of these facilities, limited access, 24/7 video, panic and silent alarms, et cetera.

The security of medical

9/9/16 - PUBLIC HEALTH - RES. 160424

marijuana patients is often a major concern. From Act 16 and from what I've seen in the draft regulations, the state did a phenomenal job in ensuring the security of these facilities. However, I'd be remiss if I didn't share that there's a perception that medical marijuana is an all-cash business and that the cash nature of the business makes it especially dangerous. While cash is part of the business, it is not the only part. Across the country companies are banking money from the sale of medical marijuana, and one company I work with has figured out how to create debit accounts for the purchase of medical marijuana, and they know how to implement these types of things. A city-owned, non-FDIC or CNUA-insured depository could create a safe and effective mechanism for banking. We really need to be sure that we make it easy for these businesses to bank and for customers to be able to transact. And so

9/9/16 - PUBLIC HEALTH - RES. 160424

the banking piece of it is utterly critical, not only for ease of transaction but for security and safety.

Let me also make a quick mention of potential federal regulation. Recently the FDA made a decision to not reschedule marijuana, leaving 25 states and Washington, DC where medical marijuana is legal to continue to be concerned about federal intervention. Federal law will always trump local and state law. However, for a few years now, Congress has removed the budget for federal enforcement of approved state marijuana laws from federal agencies. The 9th Circuit recently upheld the approach.

Nothing can guarantee that the Department of Justice will not at some point try to intervene here in Philadelphia, but the stronger our local regulatory scheme is, the more likely that you'll create a transparent and effective system that ensures compliance

and mitigate risk.

Finally, let me say that most members of the medical marijuana industry welcome the chance to work with you to create and coordinate the implementation of medical marijuana in Philadelphia, and we're really excited about today's hearing as the next great step in the continuing conversation.

So thank you for hosting this important hearing and for giving me the opportunity to testify today.

COUNCILMAN GREEN: Thank you.

Mr. Schwartz.

MR. SCHWARTZ: Thank you very much. James Schwartz, CEO of Liberty Pharms. Full disclosure, I'm also the CEO, owner, and operator of Cascade High Organics in Portland, Oregon. I've been a medical grower for 18 years, and I'm also a nurse by trade working as both an ER as well as critical care nurse for the last 19 years.

To touch on a few of the topics

9/9/16 - PUBLIC HEALTH - RES. 160424

before I jump into what I'm specifically discussing, I just wanted to touch on some of the things that have been mentioned previously.

So one of the first things that I think that we can do as a culture to de-stigmatize the propaganda associated with cannabis is first call it by its true name, which is cannabis. Marijuana was a term created by the propaganda arm of the federal government to associate it with Mexican cartels. The reason they did that was because they didn't want people to participate in cannabis use. However, as Senator Leach has discussed, prior to 1937, cannabis was one of the most prevalent products in most of our healthcare therapeutic regimes.

Let's talk about the safety and dosage, as has been mentioned. There is not a lethal dose of cannabis. One of the reasons for that is the nature of the product is a biphasic therapeutic potential. The more you ingest, the less

you actually feel the effects of the drug.

When it comes to storefronts and zoning issues, I think that the City is doing a great job of pre-planning out some of these things. While these maps, well intentioned, not all of those areas where there is designated properties available, those properties may not be available. You will not finance these properties through a bank and you will be beholden to any of landowners as to what you're actually allowed to do in that space.

One of the problems I ran into in Oregon was in my warehouse it was a manufacturing/industrial zoning. When our state then classified the product as simply an agricultural product, agricultural planting and farming was not allowed in industrial manufacturing zones. That immediately made all of the growers in those zones illegal. And so I applaud the fact that you're looking at

9/9/16 - PUBLIC HEALTH - RES. 160424

the planning closely right now.

To jump into my remarks, so the first thing that we need to be aware of is the Cole Memo. That's what specifically gives the guidance from the Attorney General as to how they will and won't interfere in cannabis businesses. The most important aspect of the Cole Memo is the robust tracking system. A robust tracking system will do things that Lindy referred to in terms of the ability to be able to track patient usage, to be able to track sales, tax revenue, and also observe for diversion of product.

Public health and safety: One of the first things that I've become aware of in the State of Pennsylvania is there are no people currently applying for lab permits. It's hard to have safe product if we don't have labs to test. The labs are a separate piece from the healthcare research being done. It is going to be critical to providing safe

9/9/16 - PUBLIC HEALTH - RES. 160424

and effective medicine to patients that we have labs on board who are going to be testing the products.

Facility safety: When we talk about security, dispensaries, obviously they have a storefront. They're a known entity, locations. They need to have specific security requirements around what those look like. In terms of Oregon, our storefronts are very sophisticated. They look like a bar, a coffee shop, a liquor establishment, a pharmacy. Most of these dispensaries want to promote a healthy image. That is what you can do to automatically put up some barriers to unwanted criminal activity, and storefronts are more than aware of those problems. None of us who have licenses to operate in other states want to lose our businesses to crimes or other activities that could potentially pose a problem for us.

When we talk about safety and security around growing/processing sites,

9/9/16 - PUBLIC HEALTH - RES. 160424

one of my concerns with the State of Pennsylvania's regulations is the one location strategy. One location strategy for grower/processors means that we're going to have to put all of our business in one area. To be able to be competitive and have a year's worth of supply on the shelf, for most of us that's going to require a 100,000 square foot facility. When you build a 100,000 square foot facility, not only is it extremely expensive and time-consuming, of which the PA regulation suggests that we need to have that built in six months, I offer any of you to go talk to a developer and ask them about building a 100,000 square foot facility in six months.

The other thing that that does is puts a big giant target on your location. When you got a big 100,000 square foot facility, everybody in the local community is going to know who you are and what you're doing. The moment

9/9/16 - PUBLIC HEALTH - RES. 160424

criminals want to start paying attention to these industries, it's going to be very easy to stake out a large 100,000 square foot facility and be able to monitor the activities of everything going on at that facility when people come and go, when the product shipments come and go, when the cash moves around the facility. Those are going to be safety/security concerns for both the public safety at large as well as the security and safety for all of the employees working there.

I suggest and made comment to the state that they need to look at that strategy as well. It's much easier to build out 20,000 square foot facilities in and amongst other industrial and industry manufacturing zones that simply fades into the normal landscape of what's operating there already.

Transportation safety: Obviously when you have a single facility, everything is moving in and out

9/9/16 - PUBLIC HEALTH - RES. 160424

of that facility. It becomes very easy to monitor the activities of that business. It's also -- one location is also just bad for business in general. It forces the hand of the companies to build out large production facilities right off the bat, without a known entity of consumer/patient demand. As I note in my remarks, in New York they have 6,000 patients. If any one of these businesses spends the $5 to $10 million to get up and running as a grower/processor and our patient population is only 6,000 patients, there's going to be no way for us to be competitive and compete on prices against the already existing black market, which is going to force people and patients again to using products that are lower quality, un-lab tested with potential problems, side effects, pesticides, molds, mildews.

Fees: I'm sure that you guys are aware and have been already thinking about tax revenue and licensing fees as a

9/9/16 - PUBLIC HEALTH - RES. 160424

part of what you're going to do in Philadelphia. I again caution you against making exorbitant fees that are untenable to start-up businesses. We're already being hammered with extreme security measures, with large grow-out or build-outs and time crunches. The addition of additional fees and licensing fees that become exorbitant could be cost prohibitive to companies trying to operate and could slow and constrain growth.

Access for patients: The unintended side effects of a one location strategy that Pennsylvania is utilizing currently will inhibit patients' access to quality cannabis. If an underserved area is not getting the adequate amount from their grower/processors for any of the known reasons, unknown reasons that we can discuss, that creates problems for patients accessing that cannabis. I'm not sure how Pennsylvania feels about one regional partner supplying cannabis to

9/9/16 - PUBLIC HEALTH - RES. 160424

the other regions. That could be a potential issue, especially in a city like Philadelphia where you have such a high population. It's going to be critically important that the amount of grower/processor licenses that are released to the City or the region are going to be able to meet the consumer demand.

Connecting cannabis and healthcare industry: As we've heard from our physician, these are real issues for healthcare professionals. I have mostly physicians involved as my investors in my companies. I've spent multiple hours on the phone with multiple healthcare licensing attorneys discussing the potential issues for physicians being involved in the cannabis industry. I think it's critically important that Pennsylvania and the Public Health Commission of Philadelphia seriously consider how you're going to make those physicians and other healthcare

9/9/16 - PUBLIC HEALTH - RES. 160424

professionals that you're going to be expecting work in this industry, how you're going to make them comfortable with the fact that they are not going to lose their license to practice medicine. This is not a prescriptive process. This is a recommendation process. It's very clear from the federal government that physicians are not allowed to prescribe cannabis.

Along that line in prescribing cannabis, let's talk about the opiate addiction. For the last 20 years, as I've worked on the front lines of healthcare in the emergency room and the critical care setting, I've been told by the AMA, by JCO and other healthcare organizations that pain is a real issue for patients, and when a patient reports their pain, I'm supposed to take that seriously and treat that pain accordingly. That has led to a massive addiction of opiates, anti-psychotics, anti-depressants that were never tested

9/9/16 - PUBLIC HEALTH - RES. 160424

on pediatric use, but yet have been involved in pediatric prescriptions nowadays. What we've seen out of the 25 states that have medical licenses -- or medical programs is that prescriptions for anti-psychotics, anti-depressants, and opiates are down 30 percent. That is the reduction of 186,000 prescriptions written by those physicians. That additionally has led to approximately $200 million in lost revenue to the pharmaceutical industry. I caution you as to the fact that this is a very strong industry and they will put up many roadblocks to implementing a program that inhibits their ability to generate profit.

Lastly, I think that we need to touch on cannabis cultivation, energy, and resource intensiveness. The cannabis cultivation is an extremely resource-intensive endeavor. It requires us to try and recreate the sun indoors. This is not the most effective strategy

9/9/16 - PUBLIC HEALTH - RES. 160424

to cultivating cannabis. The future of cannabis cultivation will be in light dep, light-assist greenhouses. Those are like giant light bulbs when they're operating. Because of the nature of the glass, you're utilizing the sun, which reduces energy use by 45 to 50 percent, which is what we want in the industry, but yet it further puts a target on our back from security purposes at dusk and dawn. Those facilities look very bright and will be very attractive to criminals and other people who want to focus in on those facilities.

The fact that Pennsylvania has required us to be indoors, I believe the light dep greenhouse model will exist, and so we need to be thinking about how we can be resource and energy conscious while also being security conscious in where we're locating light dep greenhouses, as they will be a target.

The other piece of resource intensiveness is the massive use of

9/9/16 - PUBLIC HEALTH - RES. 160424

hydroponics, which is a very accepted strategy for cultivation of cannabis these days. The problem with hydroponic usage is, it basically is impossible to do organic gardening with hydroponics because of the nature of the delivery. Systems of the nutrients, if you use organic materials in those watering systems, they tend to become clogged and not allow for the moisture to flow. So what hydroponics do is they, one, use three times as much water because they're flooding their plants and then allowing that water to go through. They're also using heavy minimal salt fertilizers that are synthetic, as to not allow that build-up of material in the system. Those are then washed out with other chemicals, all of which go into the water systems.

So I think that we need to be aware of what happens in cultivation strategies and that not every company is going to be working hard towards doing

9/9/16 - PUBLIC HEALTH - RES. 160424

the best for the planet, the people and, lastly, profits.

In summary, I thank you very much for your time. I think this organization is doing -- or this body is doing great service to the City by getting on board with this quickly. In Oregon, there were several cities, counties which didn't participate in forward-looking legislation and simply sat back and waited for the state to decide things, and then once that happened, people who were already trying to attempt to operate in those local communities either ended up with problems from land use zoning restrictions, ended up with problems not being able to find accessible land to use, and then, lastly, they ended up with exorbitant fees paying for variances or extra consultants to try and push through plans.

But thank you very much for your time.

COUNCILMAN GREEN: Thank you

9/9/16 - PUBLIC HEALTH - RES. 160424

for your testimony. I do have a few questions for the panel, but I want to inform the next panel that you'll be up as soon as we wrap up these questions. That will be Chris Goldstein, Bridget Hill-Zayat, and Richard Ost.

So I want to start with the representative here from Jefferson. I'm sorry. I forgot your name from earlier.

DR. SMITH: Hannah Smith.

COUNCILMAN GREEN: I'm sorry?

DR. SMITH: Hannah Smith.

COUNCILMAN GREEN: Hannah Smith. I'm very curious how Jefferson decided to get involved in this opportunity, considering that your CEO is very entrepreneurial and it was very forward-thinking to get involved and engaged in the legislative process and to really think about how as a -- considering research is so needed in this area and how Jefferson kind of thought through that idea to get really ahead of the game in this regard.

9/9/16 - PUBLIC HEALTH - RES. 160424

DR. SMITH: Well, I can't take credit for the idea. When I came on to the Institute, some of this was already in the works, but as you know, Jefferson is almost a 200-year-old health sciences university and we seek to be innovative and entrepreneurial, but it's a traditionally conservative educational space.

What we have created within Jefferson is the Institute for Emerging Health Professions where our Center for Medical Cannabis Research and Education lives. The IEHP is a clear exhibit of Jefferson's dedication to innovation forethought. When the laws in Pennsylvania were beginning to be formed, these were things that we started thinking about very early. We've talked with some of the other universities in the area, some of whom are working with us, some of whom are not, but we're happy to be at the forefront of education and research of Philadelphia for this

9/9/16 - PUBLIC HEALTH - RES. 160424

research agenda.

COUNCILMAN GREEN: And do you see this as an opportunity? I mean, when I first heard about this dynamic and Jefferson's involvement, to me it seemed a very interesting growth opportunity for the University from a research perspective. You can attract various people from all over the world to come to Jefferson because you now have the ability to do a lot of research with funding from growers and processors and dispensaries to help fund that research to really focus on those areas to provide that kind of more information from the research that we don't have.

DR. SMITH: That's correct. And I urge you to look for a white paper that will be coming out from CMCER sometime later this year, and it will be a culmination of the current research in the field, the direction of the research in the country and within the world. And, again, I mean, our committee is

9/9/16 - PUBLIC HEALTH - RES. 160424

formed of not just the individuals from Philadelphia and from the United States but international as well.

COUNCILMAN GREEN: If you could forward that white paper once it becomes published.

DR. SMITH: Absolutely.

COUNCILMAN GREEN: Because I know a number of Councilmembers have raised questions about the research, and we can disseminate that to the members of this Committee as well as the body.

DR. SMITH: Happily.

COUNCILMAN GREEN: In reference --

MS. SNIDER: Can I add something to what you just said, just because I'm peripherally involved, is that what they're doing is also aggregating data. I mean, do not forget that it's not been legal to research cannabis in this country for medical purposes. It's not even legal. So there is research that's all over the world.

9/9/16 - PUBLIC HEALTH - RES. 160424

There is anecdotal evidence. There is data around this as a medicine and the ability to aggregate that from all institutions internationally and nationally, and as they have now allowed recently research to happen in this country, to be an incredible resource. But there is no centralized data around cannabis as medicine, and for Jefferson to do this was a very forward-thinking thing to do.

Additionally, what they have launched is essentially a business arm. Really it's more entrepreneurial opportunity for people that are in need of that research, that can use that research in businesses in sort of a tech transfer model that you have in research institutions. So it's a very robust program that's being created. It would be valuable nationally, not even just to Philadelphia.

COUNCILMAN GREEN: It made me think of a friend of mine, Pat

Fitzgerald, who is over at CHOP. So the spinoff business opportunities and entrepreneurial opportunities coming out of the research is phenomenal, which provides a great way to increase the economy of the City of Philadelphia and the region as well. So I commend you in that regard.

DR. SMITH: Thank you.

COUNCILMAN GREEN: Ms. Snider, in your testimony you talked about banking, and I started my career as a banker with Meridian Bank. So I was very intrigued by the whole medical marijuana process as it relates to banking and the challenge that entrepreneurs in this field have, and you made reference to a city-owned banking entity. I was curious of your perspective on that, because I had some conversations earlier this year about public banking. So I want to get some more thoughts when you said in your testimony about a city-owned entity.

MS. SNIDER: Well, I mean,

9/9/16 - PUBLIC HEALTH - RES. 160424

essentially I'd love to go to the state and tell them what they should do around banking, but I think the City has an opportunity here to bring in existing best practices around banking, meaning banking does happen in the industry. It's not -- we read constantly about the fact that nobody can get an account. They can get an account. One of the problems is that a lot of the banks that will give accounts don't want anybody to know that, partly because they don't want their other customers to be upset about it.

There's no national credit card company that will -- that has accounts that will allow you to transact in a dispensary.

You could probably speak to this and how it happens in your state.

However, to ease the path to bring in the tools to bring in the companies that can provide those services which allow transacting safely and

9/9/16 - PUBLIC HEALTH - RES. 160424

connect the dispensary and the cannabis business owner/processor/dispensary with consumers for safe business practices which is connected to tracking and compliance is very important. And it should not be only driven by each of the individual businesses. There has to be an atmosphere and an appetite by the City to make bank institutions feel safe by setting up a committee, by setting up best practices, looking at the way it's being done in Denver, in some of the big cities where it's legal in those states to foster financial services around this industry to make it easy for consumers, easy for patients, and easy for these businesses to flourish. That's what's going to ultimately create a robust, healthy industry, is the financial underpinnings of it.

COUNCILMAN GREEN: And I am aware there are some local entrepreneurs that have been successful to come up with solutions regarding banking, some who

9/9/16 - PUBLIC HEALTH - RES. 160424

have been trained at Temple Law School, which is my alma mater. So it's good to hear that type of work has been going on.

MR. SCHWARTZ: Can I touch on that real quick. So the key element to banking is all banks are FDIC insured. The problem when banks have tried to delve into the industry was, the federal government gave them guidance and allowed them to participate in a legal cannabis operation. The issue for the banks was they had to be able to isolate the finances that were coming from cannabis-related businesses. Most banks don't have a mechanism for keeping cash separate. It's all one's and zeroes on a computer. And so we had several instances, both in Colorado, Washington, and Oregon, where banks jumped in, didn't have a proper procedure in place to be able to isolate those accounts from the rest of the cash in the bank. Then they rolled back their ability to provide accounts.

9/9/16 - PUBLIC HEALTH - RES. 160424

There are now two banks in the State of Oregon allowing accounts. They have created mechanisms to keep those finances separate. One creates -- one created it through high account balances. The other one created it through exorbitant -- or high fees. I won't call them exorbitant fees because it was just nice to be able to have a banking option. But banks have sort of passed on those costs of setting up those systems onto the industry so that they can start to jump in.

COUNCILMAN GREEN: Ms. Snider, I also wanted to follow up. You made reference to the fact that we have not had -- marijuana is still a Class 1 narcotic and has not been declassified and DEA failed to make that change recently, and I'm curious from your thought, because you made reference to that in the testimony, why that change did not occur.

MS. SNIDER: Why which change

9/9/16 - PUBLIC HEALTH - RES. 160424

hasn't occurred?

COUNCILMAN GREEN: In reference to marijuana being declassified in Schedule 1.

MS. SNIDER: Fear. Fear and lack of education. It's pretty simple. I mean, it's extraordinary to me how much is not known about this plant even in states where it's legal or even sort of about the difference between, say, cannabis and hemp. I mean, this is about education, and like Senator Leach said, it's been a long haul to change people's minds to recognize what this is, and it's going to take a critical mass. And I think that we have to be tipped over into more than 25 states when it will be considered.

I mean, I did witness what happened with the Pennsylvania Medical Society, attended some of their meetings, and heard what these doctors had to say about cannabis and about clinical trials and dosing and evidence-based medicine,

9/9/16 - PUBLIC HEALTH - RES. 160424

when in fact evidence-based medicine was not allowed around cannabis. It never has been allowed in this country around cannabis. So it's a chicken and an egg. There was no way to do clinical trials to make the medical community comfortable. If it's illegal to do the research, we don't have datasets to give them around research. So the whole point is at least the government has recently opened up the ability to do research without being thrown in jail for it. That is going to be what drives the rescheduling of this. It's clinical data that the medical community in this country gets comfortable with. Unfortunately, they refuse to get comfortable with very good data that's coming out of Europe and Israel and has been for years, clinically proven, clinically validated, and thankfully Jefferson is willing to put together that data and make it available to the medical community and then these governing bodies faster.

9/9/16 - PUBLIC HEALTH - RES. 160424

DR. SMITH: As Ms. Snider said, we're going to serve as a data repository. So we can really take all of the data that's out there, culminate it, and be able to provide important information.

MS. SNIDER: And, frankly, the medical community has been much more vocal around supporting this, but it's taken a long time. As I said, again, the Pennsylvania Medical Society, what I witnessed and heard in these meetings was a lot of fear and a lot of very rigid feelings based on what works or what is mandated in their industry around evidence-based.

Generally a lot of times clinical trials are instigated when there is anecdotal evidence, where there's an upswell from people that said, boy, this thing helped me. And it looks to me this will be driven from the ground up, as other things have been in the past.

COUNCILMAN GREEN: Having a

9/9/16 - PUBLIC HEALTH - RES. 160424

sister as a physician and a wife that works in healthcare, I'm very used to evidence-based issues and debates.

MS. SNIDER: I heard you talk about your son, and I want to talk a minute about my dad, who passed in March from cancer, who was on opioids that would have killed most people, because over time he needed more and more and more to cover more and more pain. And it didn't work to reduce his nausea. It didn't increase his appetite. It didn't decrease his anxiety. It didn't help him sleep. And we have watched this for months and months and months, and we watched him lose weight and we watched him not want to eat and not be able to sleep. And finally we were in California and we obtained cannabis for him. Not only did we see a change, we literally saw it overnight. We saw his nausea go away, his appetite come back, his ability to laugh come back, his ability to sleep. And when you see this and you know, I

9/9/16 - PUBLIC HEALTH - RES. 160424

didn't need clinical evidence-based data to see an 83-year-old man stop suffering. That's all you need to know. Doctors don't want to be in a political discussion. They want to help their patients.

COUNCILMAN GREEN: Thank you.

MR. SCHWARTZ: I'm just going to add one thing. And let's not kid ourselves, follow the money. There are profits to be lost or made, and those organizations are lobbying the federal government very hard.

The other thing is, the DEA is a little confused as to what to do with cannabis. If you reschedule it Schedule 2, that creates a whole other set of problems and challenges. Most likely what we're going to need is to have it declassified and end up in a category with alcohol and tobacco.

COUNCILMAN GREEN: Right. Right. Mr. Schwartz, you had said some interesting things in your testimony and

9/9/16 - PUBLIC HEALTH - RES. 160424

I'm curious about the lab testing issue, because you raise that because you saw a concern for the lack of permits being applied for lab testing, and that does raise some concerns similar to, I think, some comments I remember Councilwoman Sanchez said earlier. How can we promote that issue so we can start creating somewhat of an industry so we have the lab testing to make sure we have the best product available?

MR. SCHWARTZ: I would suggest working with partners at Jefferson. I would suggest going to labs who are already doing lab testing and healthcare. Provide them some guidance, some coverage for working with the product, and potentially maybe they even need some financial incentive as well. But as we saw in Colorado, Colorado jumped to implement a medical program, and then a recreational program quickly followed after without any testing standards. As I noted in my comments, ten tons of

9/9/16 - PUBLIC HEALTH - RES. 160424

cannabis was seized and contaminated with mineral salt, pesticides, and fertilizers. Those are dangerous to the consumer, and it quickly caused change to occur in Colorado.

So anything that we can do to bring labs in early is going to be a critical step, because product can't reach the consumer until it's gone through a lab. And so if there are -- one of the problems in Hawaii right now is they're ready to go. They have dispensaries ready to sell product. They do not have a single lab who is ready to test it. So that's what's hindered their ability to implement their program.

COUNCILMAN GREEN: And in those jurisdictions, those type of testing, were there testing requirements at the state regulatory level or was that something that was done more at the local level?

MR. SCHWARTZ: It's local and state. The state level usually puts on

9/9/16 - PUBLIC HEALTH - RES. 160424

what their absolute requirements are. Occasionally the industry will drive further change. We've recently in Oregon gone from testing for 20 available toxic ingredients. We've now expanded that to 36, and that's because of all of the ramifications of what those products do to the end consumer.

MS. SNIDER: One other thing is that there are in legal states third-party independent labs. This is all they do. And what you have around labs is something on an SOP, standard operating procedure oftentimes. You have to have third-party validation even for those SOP's so that it's not all industry driven. Meaning the industry I would say is also becoming increasingly self-regulatory. We want best practices. We don't want pesticides. We want organic, good healthy product for people out there. But validating not just the health and safety but even that people are getting what they're supposed to get,

9/9/16 - PUBLIC HEALTH - RES. 160424

just no different than an FDA assay that if you say there's X milligrams in your aspirin and that there's X milligrams in your cannabis medicine.

So this kind of validation is critical, not even just for safety but for validation of, you know, amounts titrated, et cetera. It wants to be professionally done like any medicine and thus subject to those types of testing and standards.

COUNCILMAN GREEN: Thank you very much for your testimony, all of you.

We'll have the next panel - Chris Goldstein, Bridget Hill-Zayat, and Rich Ost. Following that panel will be our final panel, and that will be Scott Ziskind, Jed Ryan, Mina Mishrikey, and Jason Turner from District Growers.

(Witnesses approached witness table.)

COUNCILMAN GREEN: Mr. Goldstein, you can begin with your testimony.

9/9/16 - PUBLIC HEALTH - RES. 160424

MR. GOLDSTEIN: We've moved from morning to afternoon. Good afternoon, Councilman. My name is Chris Goldstein. I'm a writer at Philly.com. For the last three years I've been writing a weekly column about marijuana policy in New Jersey and Pennsylvania. I serve on the Board of Directors of PhillyNORML. We work on reforming marijuana laws. We worked on decriminalization here in Philly, which is about to turn two years old. The City saved $8 million under that policy.

I think it's important when we talk about marijuana that we state in reality, which is that in Philadelphia today, there are possibly hundreds of thousands of residents already using medical marijuana. The key for this program and any state medical marijuana program is to successfully get qualifying patients registered and using the program. It really hasn't been the case in New York and New Jersey.

9/9/16 - PUBLIC HEALTH - RES. 160424

Now, I've been watching the regulatory process in several states, and there are some pitfalls that we need to look to avoid here, and that's going to be part of the Department of Health but also here at the City of Philadelphia.

First of all, I think it's important to understand that what we passed doesn't allow patients to have plant material. They won't ever get buds. They won't ever smoke anything. What they will get are a series of products that are made from essentially hash oil. This is a process mainly -- the core product in this program will be refined cannabis oils, oils that are used -- their common process is super critical carbon dioxide, butane. Plants are grown. They're put into these processing devices, and pounds of hash oil comes out.

Now, by refining it in different ways, you come up with oils that are edible versus products that you

9/9/16 - PUBLIC HEALTH - RES. 160424

can put into a vaporizer or an e-cigarette.

So these things are available underground today. They're called shatter, wax, and dabs. They're out there on the street. They sell for about $40 a gram, which means $1,300 an ounce.

The problem that we've seen in New York, which is operating a very similar program, an oil only, no smoke law, is that the prices are even more expensive than the street itself, and that's also what we find in New Jersey today. New Jersey has the most expensive medical marijuana in the country. It also comes with a mandatory sales tax. So I'm here to tell you that low-income patients -- and we're talking about access for seriously ill people, people who have HIV, people who have cancer, people who have chronic conditions that cost them a lot of money. They can't afford the regulated medical cannabis that's being sold in New York and New

9/9/16 - PUBLIC HEALTH - RES. 160424

Jersey today. And Delaware is experiencing the same problem. Some patients are driving 190 miles to the only dispensary in Wilmington, and they still can't afford the prices when they get there. So getting affordable products is going to be important, but just getting patients registered is going to be tough.

As you heard today from different aspects of the law, we are requiring doctors, and not just doctors but nurse practitioners, to take a course with the Department of Health before they can recommend cannabis. In Maine, in Michigan and other states, any doctor can make the recommendation. So in New Jersey, there are 20,000 physicians, but only about 400 are certified to recommend cannabis. That means there's only about 6,000 patients registered in the program.

Now, you've heard about the same numbers in New York. Guess what? New York operates a doctor registry.

9/9/16 - PUBLIC HEALTH - RES. 160424

This is going to be a real bottleneck for patient access here in Philadelphia. So one of the first things the City government can do is work with medical professionals and foster a community of physicians who want to serve this community.

I've also heard a lot here today about economic benefits from this program, and I'm not sure that that's going to be really well founded. There will only be 25 permits for growing and 50 for dispensing. And guess what? I'm sure a few of those businesses will be co-owned. There's nothing that says you can't own three dispensary permits -- or I'm sorry; five dispensary licenses and certain growing permits. So you're going to see businesses apply for multiple permits in multiple regions of the state.

There's also something that is going to be really difficult for small businesses to find a level playing field here in Pennsylvania. Act 16 is the

9/9/16 - PUBLIC HEALTH - RES. 160424

first medical marijuana law in the country that allows a publicly traded company to bid and win a medical marijuana permit. There is no requirement that the businesses who get these permits be based in Pennsylvania or be managed by Pennsylvanians. There is a requirement that says that 10 percent of the licenses should be given to minority-owned and woman-owned businesses. There's nothing that says they have to be owned by minorities and women who are Pennsylvanians.

So the other innovation that Pennsylvania is going to attempt is that the permits are going to be transferable. In New Jersey if you win a license to produce and dispense and you decide you can't fulfill it, you give it back to the state. It's treated like a public contract. They put out a request for proposal, they get applications, they recertify. In Pennsylvania we've laid out very clear rules within the law

already to transfer those licenses, possibly for a profit. So we're going to treat medical marijuana licenses more like a liquor license here, and I'm not sure that's going to benefit patients.

We've heard nothing here today but a lot of people who think they're going to make a lot of money on this program, but we've also heard a hint that that hasn't quite materialized in New York, New Jersey, Delaware.

We passed a really restrictive law. If you want the kind of free market enterprise and innovation by locals, it won't happen under Act 16. The innovation that happened in other states, like Colorado or even Oregon, happened because those laws did not restrict things the way we are here. So, again, I don't want to get people's hopes up that there's going to be a massive economic benefit. This is a state-authorized cartel. Okay? It's a limited set of businesses who will -- who you will have

9/9/16 - PUBLIC HEALTH - RES. 160424

to help set the prices for patients.

So those are the big problems for small businesses and patients under this scheme. I have seen this happen in Maryland. They just issued their permits in Maryland, and let me tell you the other problem that came up was diversity. There were 1,900 applications submitted by 250 businesses for 30 licenses. Not a single black-owned business won. Today I believe they're meeting with the state Attorney General over this issue.

So this isn't going to be easy. Your job at Philadelphia City government and Department of Health will be to carefully structure a welcoming environment for this new medical cannabis industry while keeping sites open to local operators. And the next step for the City and the state will be to get as many patients registered as possible and make sure that they are getting affordable prices for the products, and that will take the City and the state

9/9/16 - PUBLIC HEALTH - RES. 160424

working carefully together in the future.

Thank you, Council. I welcome your questions.

COUNCILMAN GREEN: Thank you.

MR. GOLDSTEIN: I just want to add one thing. I'm sorry. You mentioned -- there were a bunch of mentions about prices, and I don't want to lose this thought. There's been a lot of news about the markups on Mylan, the allergy medication, EpiPen, from $30 to $300. We don't know what the wholesale production cost is of medical marijuana products. In fact, most businesses are not required to disclose that. And I'm here to tell you in my own writing and research that I've heard from industrial producers in California and Colorado, that it can cost as little as a hundred bucks to make a pound of hash oil, which then turns into $20,000 worth of products. Or it costs $30 to produce an ounce of medical marijuana that's then sold for 400. So let's keep in mind that

9/9/16 - PUBLIC HEALTH - RES. 160424

there is a massive markup on medical marijuana, just like there is for pharmaceutical medications. So I don't think that the price structure that's out there in the country today, which very much matches street prices, is fair, and I think we need to keep that in mind.

Thank you.

MS. HILL-ZAYAT: Thank you. My name is Bridget Hill-Zayat. I'm an attorney practicing in Philadelphia in energy and cannabis.

Philadelphia could do two simple things to help medical marijuana applicants and the environment as the industry takes shape. One would be to issue a handbook, similar to the Business Readiness Guidebook used in Oregon, which would focus on best practices, and with particular attention to energy and sustainability. Make a coordinated effort with PECO to accelerate the rollout of time-of-use pricing. Time-of-use pricing and a comprehensive

9/9/16 - PUBLIC HEALTH - RES. 160424

medical marijuana handbook which would encourage growing techniques utilizing this price structure could lower energy usage, help the environment, and save growers thousands of dollars a year. Time-of-use pricing breaks up the day into two to three large intervals. The utility then charges different prices for energy use during each period. Rates can be divided into off-peak prices and peak prices. The peak and off-peak rates remain fixed day to day over the season. This method of pricing encourages customers to shift their electricity away from times of the day when the demand for energy on the grid is higher.

If the City were to include growing techniques which capitalize on time-of-use pricing in a handbook for growers, the growers could see significant savings. To illustrate the difference in cost, consider growing medical marijuana is a resource-intensive endeavor. A 3,400 square foot growth

9/9/16 - PUBLIC HEALTH - RES. 160424

facility, which is arguably small, will use about 85,000 to 90,000 kilowatt hours a month in energy. That equals to 1,087,600 pounds of CO2 a month, or 6,525.6 tons of CO2 a year. The utility price for energy can vary month to month, but for the purposes of this testimony, assume that it's 10 cents a kilowatt hour. That means growers will spend more than $9,000 a month on energy bills. Nearly all of the energy would be used for lighting and ventilation, and energy bills can amount to one-third of their total production costs. If time-of-use pricing was instituted and the price went down to 8 cents for half the time the grower uses energy, the grower's monthly cost would go from 9,000 a month to 8,100 a month. Yearly the grower would save $10,800, which could be reinvested into the business.

Thank you.

COUNCILMAN GREEN: Thank you.

MR. OST: Good morning. My

9/9/16 - PUBLIC HEALTH - RES. 160424

name is Richard Ost. I'm a pharmacist and I'm the owner of Philadelphia Pharmacy at Front Street and Lehigh Avenue in Philadelphia.

Philadelphia Pharmacy has been serving the community for over 34 years. I am also a member of the Opioid Overdose Task Force Committee in Philadelphia. We've all heard about how the problem of overdose deaths in Philadelphia, and I'm not here to speak about that today, but it should be noted that studies have proven that opioid deaths have decreased in states where marijuana is legalized. And I do have a study in front of me from JAMA which does state that.

It's also worth noting that a recent study found that total dollars spent on prescription drugs by Medicare for Medicare Part D patients has decreased in states where medical marijuana is permitted.

Philadelphia Pharmacy is located in an area of North Philadelphia

9/9/16 - PUBLIC HEALTH - RES. 160424

known as the badlands, where unfortunately illegal drug trafficking is a serious problem. Our pharmacy has worked hard over the last 30 years to make sure none of our narcotics we dispense end up on the street. We have one of the lowest narcotic-dispensing rates in the City. As a member of the PDAC of the 24th and 25th District, I work closely with the community, the Police Department, as well as Councilwoman Sanchez and her staff on projects aimed at decreasing the rate of drug abuse in our city and improving our neighborhoods. She has been dedicated to solving the drug issue we face in North Philadelphia, which ultimately affects the community and many businesses.

As a pharmacist and community leader, I have worked with and counseled countless patients in my neighborhood that are afflicted with multiple conditions, of which many would greatly benefit from the use of medical cannabis.

9/9/16 - PUBLIC HEALTH - RES. 160424

As an example, we work very closely with patients from Esfuerzo, which is Congreso's HIV case management program, along with Prevention Point, a community leader in drug addiction programs. Patients from both of these programs would benefit greatly from medical marijuana.

With over 30 years experience in dispensing narcotics in one of the worst drug inflicted areas of the City, the purpose of my testimony today is to share and offer my expertise to begin a dialogue of how dispensary locations will be allocated throughout the City, along with how the dispensaries will present themselves to the general public.

Some of my initial thoughts: Number one, and one of the things that hasn't been said but I think is assumed but not everybody knows, medical marijuana will not be covered by insurance. So when you look at some of the depressed communities of Philadelphia

9/9/16 - PUBLIC HEALTH - RES. 160424

spending $200, $300 a month on medical marijuana when they're living on $600 a month creates a hardship. We need to make sure we have a good compassionate compare program to help these people.

Number two, education. We've talked about education of everybody, but we're missing one primary group, and that's the children. I serve on a couple committees in the areas around my store and I had the opportunity to meet with principals of two elementary schools, and one of their biggest fears is medical marijuana is becoming legal, but what does the fourth grader hear? They hear marijuana is legal, and they are worried that that would possibly have the child more tempted to try marijuana. The solution to that is simple. The solution is education at the very youngest level that medical marijuana is a medicine and it's not the marijuana that they're seeing on the street. And we are already working with a couple of the principals

9/9/16 - PUBLIC HEALTH - RES. 160424

to develop programs to speak with the children in their school.

My thoughts for zoning and locations of dispensaries, the dispensaries should be located equally throughout the City, with no dispensary located within a mile or some distance of each other as opposed to what happens today in retail pharmacy. Today we could see two, three or four pharmacies on one corner or even two pharmacies on the same block.

I also believe that dispensaries should not be able to sell marijuana accessories that's open to the public. Dispensaries should be for marijuana patients to get their medical marijuana.

I'm a believer that dispensaries should not appear as retail stores. They should not have any retail front where the general public can come in and browse. They should be modeled more like a physician's office, with a

9/9/16 - PUBLIC HEALTH - RES. 160424

waiting room where patients can be registered and then called into a private consultation room. The dispensary would have several private consultation rooms where patients would meet with a pharmacist or another medical professional or other appropriate trained professional. In that room the order would be placed, payment transacted, medical cannabis provided directly to the patient, all in a secure, private setting.

The inventory of medical cannabis should be stored in a secured, locked room in the back of the dispensary and required to be placed in a safe at night. The dispensary should also have no visible outside signs advertising the word "marijuana" or "cannabis."

In closing, and by way of full disclosure, I have been involved in a group that is seeking licensure in Pennsylvania, and as a pharmacist and community leader and small business

operator, I'd be happy to contribute to this Committee and help the City as we move forward in these new medical therapies.

COUNCILMAN GREEN: Thank you all for your testimony. I'll start with Mr. Ost since you're a pharmacist and your location and business is in Councilwoman Sanchez's district. I had a question in reference to education. You made reference to education. I know in our Health Commissioner's comments, he made, I think, somewhat similar perspective in reference to the concern regarding some marketing and labeling of products and I think primarily coming from a tobacco regulatory perspective, especially dealing with children.

From your perspective having been in the pharmacy industry and being a pharmacist and running a business for so many years, how would you suggest ideas that the City, from a public policy perspective, can help to educate the

9/9/16 - PUBLIC HEALTH - RES. 160424

community, not just children like you talked about but also residents and neighbors about what is medical marijuana? Because that's one of the concerns I have and one of the reasons of having this conversation and hearing, to start the conversation, start to educate people on what is medical marijuana, especially now before the regulations get drafted and seeds are grown and people are actually dispensing this medicine throughout our city.

MR. OST: I think it's through public awareness and public education through different methods, stating that marijuana is a medicine. Most people who hear that marijuana is getting legalized don't understand that it's just medical marijuana. So I think it starts with a very simple campaign of saying medical marijuana. It's a medicine for medicinal use. It's not for -- it's not what you think it is. I'm not an advertising executive to come up with that slogan.

9/9/16 - PUBLIC HEALTH - RES. 160424

But I also think, as I said, the most important thing, it starts with our children. From my discussions with a couple principals and schools in and around my store, they're worried that the children are only going to hear the word "marijuana." We need to make sure in the City that we brand it as medical marijuana, medicinal cannabis. So those two words are synonymous so that people know, including our children, that this is a medicine. This is not the marijuana that you're hearing about on the street. I don't want a fourth grader talking to some eighth grader and saying, Oh, it's legal now. We need to educate the residents of Philadelphia on this law. How that is done, I'm not an advertising executive. I could have 100 ideas, but I think it's through public service announcements. I think it's through a public awareness campaign. Marijuana is coming, but it's a medicine and here's what it's used for.

9/9/16 - PUBLIC HEALTH - RES. 160424

MR. GOLDSTEIN: If I could just add one thing, is that many of the concerns that you expressed about exterior advertising and how the facilities will interact are actually already in Pennsylvania's Act 16. So many of the recommendations you made, already thought of about legislators, already in the law. There won't be any external advertising. The placement of these facilities is very much in line with that vision.

Thank you.

COUNCILWOMAN SANCHEZ: And thank you, Rick, for coming in and testifying. I guess our concern is -- and that's why I asked Senator Leach some of the questions -- is that there's a lot of things that the state licenses without looking at site and location in the local jurisdictions, and we have a huge problem, as Richard mentioned, the issue of locating multiple pharmacies where we clearly have some challenges. He had a

9/9/16 - PUBLIC HEALTH - RES. 160424

pharmacy down the block from him open only one hour. Like who knew that they were only open one hour? And at one point we had 12 pharmacies on the Lehigh strip from Germantown Avenue to Kensington. So we knew there wasn't a whole lot of good business happening within that corridor where you had the other issues.

In hearing the Senator kind of talk through some of these things about the research component of it, clearly the person having the card, is there anything that rung out to you that we should be doing, outside of the pill dispensary piece that's coming out of the legislation, that we should be doing now from a pharmaceutical piece that they're looking to do? Because I think they were pretty thorough on some of these issues. I'm just wondering what other recommendations to the state we should be giving them since we have such an issue with these pharmacies.

9/9/16 - PUBLIC HEALTH - RES. 160424

MR. OST: Well, number one, the pharmacies -- the dispensaries will not be from the pharmacist. So the dispensary will be a separate place where people would go to get their medical cannabis.

Secondly, again, I think it revolves around a lot of education, and I can't stress that enough. I think education of the whole community of what this is and what it's doing is going to be one of the most important things. I don't know what other plans -- and maybe we can get some assistance -- that the state has to help with that right now, but I'd be open.

MR. GOLDSTEIN: Again, I'm a writer. I only play a lawyer on TV. And I'm certainly not a legislator. But I have extensively -- I can't tell you how many times I've read Act 16 and the recent potential regulations, and I am very schooled on it.

I think your question is more

about market diversion, which is really not a problem in tightly regulated medical marijuana programs.

I think that there's another issue that comes up too that the City needs to address. Look, a lot of this has been focused on the businesses. We have to have a focus on the patients, how does Philadelphia make a program that serves especially low-income patients. And there are other problems. Right now under Act 16, parents can get what's called a safe harbor certificate to import medical marijuana from other states. I just had to talk to a mom whose son actually lives with autism and she has a safe harbor certificate, but CPS showed up at her house because her ex doesn't agree with the therapy. CPS didn't know how to deal with this. They said, Well, this is the safe harbor certificate. We've never seen one of these before. What do we do?

The Department of Health and

9/9/16 - PUBLIC HEALTH - RES. 160424

the City needs to work to protect patients. CPS in Philly need to know that if they encounter a safe harbor certificate, they call the Department of Health, verify that it's valid, and leave the patient, whether that's the child or the parent, alone.

Philadelphia really needs to be working to facilitate access. Market diversion doesn't happen in these limited medical marijuana programs. The biggest issue is getting patients into the program and then making sure that the businesses are making affordable products.

MR. OST: Let me just add to that real quick. Pennsylvania just recently started their Prescription Drug Management Program where all narcotics dispensed are reported to a central database within 48 hours of being dispensed. The regulations now require physicians prescribing any narcotics to check that database to see if the person

9/9/16 - PUBLIC HEALTH - RES. 160424

is pharmacy shopping. How do people pharmacy shop? The easiest way is, they pay cash, because if they pay cash, there's no way of one pharmacy connecting to another pharmacy to another. So this PDMP will help with what I'll call legal drug problem.

The state is planning on instituting a similar system with medical marijuana, that as soon as a person gets medical marijuana, it will be reported to the Department of Health, and they will be able to get up to a 30-day supply, and they will not be able to get that -- and we'll use the word "refill" -- refilled until they are 80 percent out of their supply. So what's going to have to happen in my mind -- and this is not in the regulations, but as a pharmacist -- is, a patient is going to need to sit down with a pharmacist or a medical professional and decide what dose of marijuana they're going to need, calculate that out to what a month's

9/9/16 - PUBLIC HEALTH - RES. 160424

worth is. That would be then reported to the state. So if they come in to dispensary ABC today and walked into EDFG tomorrow, they will not be able to get marijuana, because the first thing the dispensary has to do is check their profile that's logged in the state.

So I don't see abuse or misuse as a big problem. What I do see as the problem, and especially the neighborhoods where we are, is the people are going to get it and resell it, because it's a choice of do I want money to buy food or do I use the medical marijuana for my health. And we see that today in the AIDS environment. It's a big problem. The AIDS drugs are resold all the time. We have an HIV patient who is not taking their HIV drugs because someone offered them $500 for their drugs. And they said, Well, if I take a half a pill, I cut my dose in half. I can get $500 and now I can buy food. It's a choice, food or what. So that's an issue we're going

9/9/16 - PUBLIC HEALTH - RES. 160424

to have to face.

Another issue that I jumped over in my presentation references language. We know a large part of this population speaks Spanish. We need to make sure that we have all our education in many different languages that are spoken across the City, not just English.

COUNCILWOMAN SANCHEZ: Well, I mean, again, thank you. I think part of for me the whole issue -- and I'm glad that we finally have this database at the state level. I still find that some of the problems are the doctors. I often tell people I don't have to worry so much about my drug dealer on the corner, but the one with the white coat. I have 1,200 doctors in the 7th Council District.

MR. OST: And hopefully this PDMP program will help that, because nothing has been able to track what a doctor writes. And as you well know, there's eight doctors on my block where

9/9/16 - PUBLIC HEALTH - RES. 160424

my pharmacy is, and if you walk to Doctor A today, you can get a prescription. You can walk into Doctor B tomorrow and get the same prescription. So hopefully this management program used properly will help cure that problem.

COUNCILWOMAN SANCHEZ: I hope so.

MR. GOLDSTEIN: There's been a lot of illusions to what is solid data that came out of the University of Pennsylvania Annenberg Center Veterans Health Services that showed a 25 percent reduction in opioid overdose deaths in medical marijuana states. There's an interesting note about that study. They didn't include New Jersey when they did that two years ago, because they only included states with robust medical marijuana programs.

We won't have that impact in Pennsylvania under this law. I mean, I hate to tell you, but it's true. There are 104,000 registered medical marijuana

9/9/16 - PUBLIC HEALTH - RES. 160424

patients in Michigan. You don't have to register in Maine because they want patients to have privacy protection. But in Pennsylvania, we're only going to have 5,000 or 6,000 patients. That's not enough access. You only cut down on overdose deaths if people who are dealing with addiction can get easy, affordable access to high-quality cannabis. It happens in Colorado, in California, in Oregon and other states, but it's not happening in New Jersey and it won't happen under Act 16 unless we significantly expand this law.

COUNCILWOMAN SANCHEZ: So when you talk about affordability -- and then I know we want to get finished. We've been at this for a while -- around affordability, is there anything in the law that's going to limit the kind of cost pieces to this? It is a medical situation. I would think the insurance companies and others would --

MR. GOLDSTEIN: No. There's

9/9/16 - PUBLIC HEALTH - RES. 160424

no -- this is a core issue.

COUNCILWOMAN SANCHEZ: It's all going to be cash, which is a concern.

MR. GOLDSTEIN: I wouldn't say cash as much as it's all out of pocket to the patient. Okay? Because they might be able to use their credit card, but they're going to end up paying the bill.

There is a small provision within Act 16 that says the Department of Health will help determine the prices. What that means, nobody knows. Frankly, it's a great idea for all pharmaceuticals I think -- there's a massive markup on medication in America today, and unfortunately the people who are getting involved with the medical cannabis industry come from the same ilk. They want to have that profit margin on the product. In fact, cannabis probably offers a better profit margin than a lot of synthetic pharmaceuticals.

So, look, making it affordable is holding these companies accountable,

just like you hold Mylan accountable, and you say, Okay, you can make a profit, but not 1,000 percent. So when these businesses come into Philadelphia, no. I mean, you're asking a question that I don't know what Pennsylvania is going to do. There's a provision in the law to try and regulate price. What that means for our low-income patients, we don't know. No insurance company will cover it.

MR. OST: I just want to add one thing, and I think this is where we heard even from the Senator that there should be local and state residents involved in the program of owning the dispensaries and owning the grow facilities. If I was granted a license for a dispensary, I would be working with my community to create compassionate care programs. We want companies to come in here that are local, that understand Philadelphia, that understand Pennsylvania, understand all the

different types of people that are here and figure out how to create things that will help them.

I've already had the conversation with Prevention Point and Congreso about compassionate care programs for medical marijuana while it's in a very infant state of how we can put those things together, and my important thing that I asked them was, how are we going to determine which patient. We can't just say, Do you have a Medicaid card, you're qualified. But how are we going to create a system -- and this is where I think the City can help, by creating a system where patients can apply for assistance or compassionate care. The City would certify and say, This person should be able to buy it X discount.

COUNCILWOMAN SANCHEZ: Well, for us because we manage our own HMO, CBH, we need to be having these conversations on the front end, because

we do have an opium crisis and many of these patients end up receiving non-traditional care. That's what Prevention Point is, needle exchange. So what's not there now, things have evolved. So my concern is very early on how do you make sure that where there's a high need in Eastern North Philadelphia around pain management, but there's not a lot of money, how do we ensure access and appropriate utilization.

So, again, we're just starting the conversation, as Councilman Green, but these hearings have brought a lot of questions to bear in my mind.

MR. OST: Well, it goes without saying that being in that community, I'm more than happy to offer my services to help create this kind of program. It's something that I've been known for in the community that I'm at for 34 years of providing healthcare, quality healthcare, to people and making sure that they can get their medicine. It's really no

9/9/16 - PUBLIC HEALTH - RES. 160424

different when it goes to medical cannabis. It's going to be making sure the right people can get the right medicine. There's going to be a lot of other places, as in pharmacy, that the wrong people get the wrong medicine. We want to make sure that we get the right people the right medical cannabis they need.

MR. GOLDSTEIN: And, Councilwoman Sanchez, you've hit upon a key point here. Pennsylvania and Philadelphia for the first time, I believe, in history are going to be offering a medication, not through a pharmacy, not through an HMO, not through an agency. You're offering the medication. So when it comes to education and that kind of structure, it is critical. But, believe me, if you start holding everything you want to know about medical marijuana seminars in your district for free, I'm sure you're not going to lack any attendance. It is a

pressing and important issue for this community, and I think that you're getting a sense of how complex this is going to be.

A city like Philadelphia, America's fifth largest city, undertaking this, Council may want to consider having some sort of advisory board or staff position to move this forward. It's an extremely complex issue.

MS. HILL-ZAYAT: I think that's absolutely true. A point of contact would really help facilitate this as it moves forward.

COUNCILWOMAN SANCHEZ: Okay. Thank you.

COUNCILMAN GREEN: I just want to say real quick, I want to thank this panel, because you really brought the issue in reference to access. We talked earlier today a lot about access from a public transportation perspective, but access from access to the actual medication, especially for people who are

9/9/16 - PUBLIC HEALTH - RES. 160424

low income who may not have the resource, and then some of the other dynamics that may occur from high markups in this type of product, which is a possibility.

I just have one last piece. I want to ask Ms. Hill-Zayat a quick question, because you talked a lot about energy, and one of the other hats that I wear is Chair of the Gas Commission, so I'm often thinking about energy. And I guess I have a concern. What are some of the best use strategies that we have in reference to energy consumption? Because I have a concern -- especially from Oregon and Colorado. Because I have a concern that with entities trying to make a profit, they're going to be using energy in a way that, one, is going to be using a lot of energy, but also ties into the public safety issue. Because when we went with the Health Department, Planning, L&I, and the Police Department, one of the things the Police Department talked about was not so much public

9/9/16 - PUBLIC HEALTH - RES. 160424

safety from attempted robbery perspective, but fires that were occurring --

MS. HILL-ZAYAT: Compliance with OSHA, compliance with fires. So part of my testimony advocates -- and I cut some of this out for brevity, but I think if we had a handbook that addressed best practices insofar as compliance, which really is a safety issue, and then also with products that are specific to the cannabis industry. So LED lights are great, but if you had LED lights that were specific to a certain spectrum that would help the plant, that would be even better.

There's lots of -- I could go on for hours about things that you could do, but I think the best thing for the City and the cheapest thing for the City to do would be to issue a handbook.

COUNCILMAN GREEN: And just one last follow-up, because I know L&I was looking at making some changes in the

9/9/16 - PUBLIC HEALTH - RES. 160424

code based on medical marijuana because of the concerns that if you look at what Paula presented earlier in reference to the locations for the grower/processors, they're industrial buildings, old, many have probably not been in productive use for some time, now are going to be put in use, and now you're going to have a lot of power and voltage to light and have the seeds grow, and that creates a public safety concern as well.

MS. HILL-ZAYAT: Absolutely. Absolutely. Compliance needs to be a huge focus to really ensure the safety of people who live around them.

COUNCILMAN GREEN: Thank you.

COUNCILWOMAN SANCHEZ: Thank you.

(Thank you.)

COUNCILWOMAN SANCHEZ: We're trying to see if she needed a break for this, but we promised her we would be quick, the stenographer.

(Witnesses approached witness

9/9/16 - PUBLIC HEALTH - RES. 160424

table.)

COUNCILWOMAN SANCHEZ: All right. We could proceed.

MR. ZISKIND: Thank you for allowing me to testify today on the positive aspects of medical marijuana.

COUNCILWOMAN SANCHEZ: You need to say your name for the record.

MR. ZISKIND: I'm sorry. Scot Ziskind, Cannabis Business Experts, LLC.

Although I reside in Philadelphia, my businesses are based here, I have been working in the cannabis industry for over three years in Colorado, first as a consultant working with many cannabis companies that I found are operated by professionally trained owners and personnel and secondly as a cannabis patient while in Colorado. And Colorado companies are producing quality medications for pain relief, Crohn's and other diseases. These companies, in addition to the tax revenue windfalls for the state, are truly helping people,

9/9/16 - PUBLIC HEALTH - RES. 160424

including many children with seizures disorders, including adults.

Parents travel there from all over the country to avail themselves of these medications. One of the first things that stood out to me in Colorado was the quality of the retail business establishments. The facilities where the products are sold all comply with strict state regulations on quality, hours of operation, et cetera. The facilities are clean, secure, and do not disturb neighborhoods. Their impact is much less than a bar, restaurant or nightclub. They are more like an upscale private pharmacy, like a CVS or a Walgreens. People do not linger or loiter outside. There are security cameras galore. So much, that the presence of these businesses and cameras have improved struggling neighborhoods.

Pennsylvania is adopting many of the same highly effective regulations that are utilized in Colorado, and like

9/9/16 - PUBLIC HEALTH - RES. 160424

Colorado, Pennsylvania and Philadelphia should welcome the opportunity to help their citizens.

To have our region, which is already known as a national destination for healthcare with our outstanding university hospitals and research centers, stay current and relevant in this changing medical landscape is important. This advancement in the medical field has already been embraced by 23 other states.

The Colorado model is one of the best in the country. The protocols that are in place for security, surveillance, and tracking the product from seed to sale will also be used in Pennsylvania, which includes a computer system that is tied into a state database, as the pharmacist was talking about before, which every sale is tracked directly to the state. I was actually in a dispensary last month and one of their computers went down, and when their

9/9/16 - PUBLIC HEALTH - RES. 160424

computer went down, they only had one computer up and the people that were then in the store, which closes at 7:00 p.m., not like 2:00 a.m. like the liquor stores, they had to limit the number of people in the store because they could only process a few of those people because they had one computer. But it's all tied in to the state, every sale.

Last month, the Pennsylvania Department of Health published draft rules which have already outlined a highly effective quality control system that we believe will assure high standards and effectively protect public health.

At the end of 2014, not 2015 -- I don't have the current numbers -- the cannabis industry in Colorado employed 15,992 licensed workers, and we believe this industry will have a similar impact in Pennsylvania. In Colorado, the industry generated over $100 million in tax revenue. That's Colorado alone.

9/9/16 - PUBLIC HEALTH - RES. 160424

Other states with patient-accommodating atmospheres have had similar revenue increases. Pennsylvania and Philadelphia will likely have similar benefits.

This is a new industry, coming from a financial aspect that means jobs and taxes, jobs of all types, from lawyers, architects, doctors. Medical schools have already started classes to certify doctors for this, to trades people that will be building the warehouses and dispensaries, to the permanent employees that will staff them. Trickle down, all these workers will eat lunch, will buy building materials to build these facilities out, and will shop at our local stores, increasing the tax base again.

These new businesses will pay use and occupancy taxes and wage taxes. Underutilized real estate will come online and be added to the tax base. New industry means trickle-down benefits for many businesses as well. Retail food

9/9/16 - PUBLIC HEALTH - RES. 160424

establishments will all benefit from additional activity. Testing labs will be built. Other goods that will be for sale in dispensaries, various accessories, will all be subject to sales tax.

With regard to personal experience as a cannabis patient, while in Colorado after major shoulder surgery in Philadelphia, instead of using the opiates that had been prescribed to me by my doctors, I used cannabis-based products, specifically pain salves and patches. These products had high CBD's, no THC, which is the part of the plant that produces the high. I found that the pain was gone with none of the side effects or risks of addiction that I would have experienced with the opiates.

My oldest son also had moved to Colorado while working for AmeriCorps in 2010. He has suffered from ulcerative colitis since early childhood, but found that his condition went into remission

9/9/16 - PUBLIC HEALTH - RES. 160424

thanks to cannabis-based products containing CBD's and CBN's, which he took in food or pill form.

It has been widely reported that states of medical marijuana have a lower rate of opiate overdoses, and I think we've heard that about 15 times today, so I'm not going to go any further on that one.

In summary, I believe that the Pennsylvania law and the draft rules that I was able to review are comprehensive and will be effective to assure the highest quality products available to the residents of Pennsylvania, while assuring the safety of our state residents. This is new medical advancement, and the industry that supports it should be embraced by its new home, Pennsylvania and Philadelphia.

COUNCILMAN GREEN: Thank you for your testimony.

MR. RYAN: Good afternoon. My name is Jed Ryan, co-founder of

9/9/16 - PUBLIC HEALTH - RES. 160424

Philagrow, a vertically integrated medical marijuana company pertaining to the Medical Marijuana Act in Pennsylvania and I'm also a patient with epilepsy. I'd like to thank Councilman Green and his staff for arranging this panel and hope that we are able to contribute.

Today we would like to talk about the potential economic impact of the Medical Marijuana Act in Philadelphia. Please turn to Page 3 of your Philagrow materials in your packet.

As you can see, marijuana is a new industry and it's rapidly expanding at the growth at 31 percent. In the next slide you can see that the industry estimates that the PA markets will reach almost $1 billion by the year 2020.

The next slide we get into the estimates that PA share -- the PA share of the national legal market will be greater than 4 percent by 2020.

With all of this in mind -- we go to Page 6 of our slideshow --

9/9/16 - PUBLIC HEALTH - RES. 160424

Philadelphia is home to 12.2 percent of the population of Pennsylvania. Two percent of a population is industry standard for participation rates in a medical marijuana program. We made an assumption regarding patient usage rates at the dry leaf equivalent of one joint per day. We slowly ramped up the patient participation rate as shown in the graph. By doing so, we were able to forecast demand at the state and city level.

MR. MISHRIKEY: This is Mina Mishrikey, for the record, co-founder of Philagrow.

On that point, this chart on Page 6 outlines what we think is a realistic assumption for how the industry will grow slowly, be a very slow start. It's going to take time for research to develop and for the medical community to get comfortable with writing prescriptions and with the patient community to get comfortable and educated with these medical products. And so we

9/9/16 - PUBLIC HEALTH - RES. 160424

take a very conservative, sobering view. The ramp-up is over time, and that's the basis for the numbers that we're about to get into in terms of the potential economic impact for Philadelphia specifically.

On the next page we get into the hard numbers, both at the state and the City level, of what we think the revenue potential impact could be for the City over the next five -- it's really five years, because the first year is really about a quarter of a year. And what you'll notice in Philadelphia is, you have an initial additional revenue pool of about 6.8 million that ramps up to over 200 million in the fifth year. This is based on the assumption that Philadelphia will get its -- well, based on a population analysis, it will get its commiserate share of dispensaries and grow facilities. So just based on the 12 percent population in Philadelphia, that we would have about three grow facilities

9/9/16 - PUBLIC HEALTH - RES. 160424

in the City and 18 dispensaries in the City.

And then on the following page, we further look at more of the economic impact, and we estimate that in the first year when this program is rolled out, there will be about $17.5 million of capital investments. Those capital investments exclude real estate purchases but building out these facilities, building out dispensaries and the like. We also estimate that in Philadelphia alone, based on the assumption that I stated previously, that there's three grow facilities in the City and 18 dispensaries in the City, you're talking about 204 additional jobs that ignores some of the trickle-down effects for the rest of the economy. Those 204 jobs represent an additional annual salary of about $12 million.

These numbers -- we did our own population study. They're based on our own population study. They reconcile and

9/9/16 - PUBLIC HEALTH - RES. 160424

match national industry standards, the Arcview reports that Jed had looked at earlier.

And, finally, obviously this is a potentially great economic impact for the City. We just wanted to leave you with an anticipated timeline, which has been discussed earlier today. We don't need to harbor on it, but it is a very compressed timeline and a lot to do and a little amount of time.

MR. RYAN: In conclusion, the Medical Marijuana Act will provide much-needed holistic relief to the local patient community, and it will take time to develop, in tandem with research and education. It also presents a significant economic opportunity to the City.

As local citizens and participants, it is imperative that the City capitalize on the opportunity, and that starts by advocating at the state level for our fair share of licenses.

9/9/16 - PUBLIC HEALTH - RES. 160424

The alternative is bringing in supplies from the surrounding municipalities and losing out on a significant pool of jobs and local spending.

And just to touch on what Senator Leach said in his opening statements, the growing/processing is not defined by regions. The fear would be that Philadelphia would be completely left out of that process if fields in western PA or fields in Harrisburg are a cheaper, a better place to grow or are seen by the state as a better opportunity.

So those are the alternatives. Mina and I can be reached at the contact information provided in your packet if you have any additional questions or comments. Thank you very much for your time.

COUNCILMAN GREEN: Thank you.

Mr. Turner.

MR. TURNER: Yes. Good afternoon, Chairwoman Bass, Councilmember

9/9/16 - PUBLIC HEALTH - RES. 160424

Green, and members of the Committee on Public Health and Human Services. My name is Jason Turner, and I would like to thank you for the opportunity to testify as the Committee considers how to address medical cannabis in the City of Philadelphia. I come before you today representing District Growers, a minority-owned and operated medical cannabis cultivation center based in the District of Columbia.

Now, at District Growers, we feel that it is critical that the Committee on Public Health and Human Services take an active role in how medical cannabis operators take shape in the City, as this is the best way to ensure that the companies operating in the City reflect the diversity of the population of Philadelphia.

Now, currently -- some of the speakers mentioned this -- across the country only one percent, one percent of all cannabis companies are owned and

operated by people of color, and this statistic is particularly startling given that historically 70 to 80 percent of the arrests for marijuana possession come from the same population.

Now, as a company with experience operating in this space as far back as 2008, we have seen time and again how the state procurement process effectively shuts minority operators out of the industry. And just earlier some of the testifiers were talking about the State of Maryland as a current example of this. Yet it is only when locally elected officials take an active role in ensuring diversity in the business environment that minority-owned firms get a fair opportunity. One need look no further than the cities like Oakland, Berkeley, California, and our city, the District of Columbia, for examples of how locally elected officials played a critical role in ensuring diversity and inclusion in the process.

9/9/16 - PUBLIC HEALTH - RES. 160424

Now, furthermore, it's important to ensure that the medical cannabis industry has a diverse set of operators. That will ensure that there is cultural competency in the care of sick patients in the City of Philadelphia. It is a well-established fact that minority owners hire minority employees in greater numbers and that these individuals may be able to reach out into the diverse communities and ensure that therapeutic benefits of medical cannabis are distributed more equitably.

Given the longstanding health disparities that exist within communities of color, we think it's important that the City Council take an active role in using this novel alternative therapy in attempts to close the gap.

Now, Washington, DC obviously, which if you know about the industry, obviously has its own set of challenges as we continue to evolve, but the fact is

9/9/16 - PUBLIC HEALTH - RES. 160424

that because of how long District Growers has been in business in Washington, DC, we're able to have a founder or a CEO like Corey Barnette, who just a few months ago was listed in Black Enterprise magazine as one of the top five African Americans involved in this industry. It means that we can have folks on our team like Dr. Malik Burnett, who through his work we've been able to partner for a couple years now with Johns Hopkins University. So we also applaud the efforts of the Commonwealth to make sure that research and education at a high clinical level is involved, and certainly our experience in that space, we look forward to partnering with other institutions like Thomas Jefferson University or others to further the research.

It also means that the years that District Growers has been in experience has allowed us to gather the financial resources to be able to look at

9/9/16 - PUBLIC HEALTH - RES. 160424

participating in the Commonwealth of Pennsylvania's program and, importantly, to be prepared to invest in going with a local partner and meaningfully partnering with a Philadelphia-based entity to bring all of our best practices, all of our findings, all of our experiences and financial resources to make sure that this program is executed at the highest possible level of fidelity.

So, therefore, I would like to conclude by just thanking you again for the opportunity to testify. We've included some other supplemental material with our testimony which highlights the diversity which can be brought about when local officials take an active role in the licensing processes and benefits.

Thank you very much, and I look forward to answering any questions that you may have to the best of my ability.

COUNCILMAN GREEN: Thank you.

MR. STALBAUM: Thank you. My name is Michael Stalbaum from Kind

9/9/16 - PUBLIC HEALTH - RES. 160424

Financial. We specialize in technology that monitors cannabis compliance across the board, including at the government level, the retail level, as well as the financial level, which I know has been discussed several times in this panel. I'm a local Philadelphian, grew up here, practiced law here for a little while. I'm a business owner here and I have kids here. So I have many interests in seeing this go through.

Our platform is to help these businesses transact safely, securely, and in compliance with the regulations that we're here to put together. I think Philadelphia needs to focus on its own tracking and compliance program as well that would talk to the state program, talk to the financial institutions as appropriate, as well as talk to the various dispensaries.

I know there was things mentioned here today as far as location hopping. Having its own tracking system

9/9/16 - PUBLIC HEALTH - RES. 160424

would help monitor those types of things, very similar to alcohol and tobacco, just like we have state systems, in order to follow the state regs, the local regs as well as the Cole Memorandum, which is the main thing that touches on the financial priorities and justice enforcement. All of this can be done through a series of technology.

The cash situation, there is a kiosk component to the seeds-to-sale tracking that is available, which handles the cash so that business owners or their employees, more appropriately, do not have to ever touch the cash. It also handles it where you can have a security issue, you can have armed guards come and pick up the cash from the kiosks. So there's really no access to that. I won't say it's bank secure, but it adds that extra level of security with locks.

And the other thing is, I think just to go quickly -- I know we're at the end here -- is we talked about labeling.

9/9/16 - PUBLIC HEALTH - RES. 160424

We talked about analysis. We talked about reporting. All of that comes from the point of sale, the tracking system. Those are the various components that these systems enable you to do. And the way that they talk to the bank -- I don't know how detailed we want to get into it, but basically in a typical banking environment, it's required to KYC, know your customers, they say. In order to comply with the Cole Memorandum, it requires a much more granular level of analysis. So they have look at the point-of-sale transactions on a piece-by-piece basis. So what certain technology has enabled it to do is to take that point-of-sale data and actually feed it to the banks directly and, again, monitor the anti-money laundering components at a much more granular level. So the banks that are banking cannabis right now, the big problem is scaling. So the ability to look at all of this data, and that's where the technology

9/9/16 - PUBLIC HEALTH - RES. 160424

component comes in to help them take the data, put up the red flags to monitor the financial aspects that are outlined in the Cole Memorandum, thereby making them feel more comfortable to touch the cannabis funds.

So in summary, you know, we would love to participate in this process and lend knowledge where appropriate and help develop, again, the priorities and the process for businesses in Philadelphia to transact safely, securely, and in line with all these compliance guidelines that we're talking about here today.

COUNCILMAN GREEN: Thank you for your testimony.

We've been here for some time, but this last panel is a panel based on those who actually are in the business or seeking to be in the business here in the City of Philadelphia and the Commonwealth of Pennsylvania.

So based on the commentary

9/9/16 - PUBLIC HEALTH - RES. 160424

you've heard today from some of the other panelists, do you have any other thoughts and concerns as you try to enter this market?

MR. STALBAUM: Me personally?

COUNCILMAN GREEN: Any of the panelists. This is an open question, just trying to wrap up now.

MR. MISHRIKEY: Well, I think some of them have been answered. One of our chief concerns was the zoning and how the build-out would occur, you know, whether it was by-right or by some sort of new methodology.

I don't know if you want to chime in, Jed, but in terms of compassionate care programs, that's something that we've thought a lot about. We've been very transparent with our -- happy to talk to the reporter about some of the costs versus retail pricing and instituting programs in neighborhoods of need where pricing at the retail level doesn't make sense. So I think that's an

important factor for the City to consider.

And the banking and accounting issues, which accounting hasn't really been touched on a whole lot, but banking and accounting issues are definitely things that need to be thought through and scrubbed, and we are in the process right now of talking to local banks and credit unions and probably should be talking to Kind as well about some of these solutions, not only for us as prospective growers but also for the community at large.

I think it's really important that folks like myself, we're applying for license and we obviously have a vested interest to win that license, but it's important that a community be created once all these licenses are allotted such that we work together to make this work. It's going to take a lot of work. It's going to take a lot of education in the medical community, in

9/9/16 - PUBLIC HEALTH - RES. 160424

the patient community. It's going to take putting our heads together to come up with some of these banking solutions. It's not -- it's going to be a slow rollout. We've been very transparent about that. And I think these sorts of forums go a long way in terms of starting that dialogue.

So thank you.

And I think the other thing I want to note is, we're applying to be a grower/processor. I think from what we've been sensing of who is applying, where, a lot of people are kind of avoiding the Philadelphia area for various reasons. There's a lot of interest in dispensaries in Philadelphia obviously because of the large marketplace, but to run a commercial grow/process facility within the City limits has its own challenges. I think as Jed alluded to in our conclusions, I think it's really in the City's best interest to advocate at the state level

to get our fair share of those commercial businesses, because it has a huge economic impact and trickle-down effect for the City. And obviously I'm biased, I want a license but, more importantly, as a citizen of this city for my whole entire life, I want to see the City reap the benefits of this very important law.

MR. TURNER: I want to just add too. I mean, certainly the City of Philadelphia and the state is in a good position of being able to not reinvent the wheel, as many of the folks that have testified have said. We know about some of the challenges that a program in like New York state has. As was said, they only have 6,000 patients in the State of New York. I mean, that can't be considered a successful program. So obviously we really applaud the way you guys are looking at putting this together the right way.

We at District Growers would be very interested obviously in helping you

9/9/16 - PUBLIC HEALTH - RES. 160424

shape that engagement with your minority business community. Our experience is in Washington, DC in the urban areas, so we naturally have focused our efforts and thinking of how we can partner with the City of Philadelphia-based entities to apply our knowledge on how to make these things happen. Certainly the financials and the understanding of the mechanisms of operating a grower cultivation facility are obviously paramount, but the other learnings of how to engage with the community, the issues of finding spaces and how do you translate those into jobs in the community, how you can actually come in and have the capital and the cash flow to survive while these licensure elements shake out are all really day two issues that a company would have to face.

We're very excited not only about partnering and doing business in Pennsylvania, but also being about increasing the amount of engagement and participation. Even in these first

hearings that you're having, we can look at the folks that have testified and the amount of companies that are here, the lack of diversity extends even into this hearing room in terms of the amount of folks that are here from minority-owned companies. That is a standard and a given no matter what state or area we've gone into it across the country, and there's a real opportunity for Philadelphia to join some of the best practice leaders to really make a difference in making sure that that diversity and inclusion is built in as part of the process on the front end.

Thank you.

MR. STALBAUM: I would just reiterate a lot of that. I think the number one thing is is that all of the things that were talked about today are things that have been issues in other states and how they've addressed them. For example, the advertising thing. In California, I know that they were going

9/9/16 - PUBLIC HEALTH - RES. 160424

to include it in the RFP, but they're having a separate RFP for that PSA component. Those things I think are great things to learn from. They were all brought up today and I think by not recreating the wheel and putting together people that have the ability. I think this process has been great. So I'm happy to participate. Thank you.

COUNCILMAN GREEN: Thank you very much. Thank you all for your time, for being here and testifying, providing information. I think this has been a very interesting conversation today. We've had a lot of different aspects, some that I had some information on, others that I really did not think about in detail. So this provided a really comprehensive opportunity to have a conversation. This will be the beginning of other conversations, especially as the Department of Health continues in their drafting process of their regulations for both grower/processors, the medical

marijuana program, and shortly they'll be also having the dispensary regulations come out as well. So that will provide additional opportunities to continue this conversation so we can continue to move forward and to make sure that we have the best type of industry for the benefit of the citizens of the City of Philadelphia.

So thank you for your time and information, and we will recess this hearing to the call of the Chair. So thank you.

(Committee on Public Health and Human Services concluded at 1:55 p.m.)

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CERTIFICATE

I HEREBY CERTIFY that the proceedings, evidence and objections are contained fully and accurately in the stenographic notes taken by me upon the foregoing matter, and that this is a true and correct transcript of same.

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