

Simi Weighs Pot Options

REGULATION: City wants to balance tax income versus keeping price competitive.

By **MARK R. MADLER** Staff Reporter

The city of Simi Valley has hired a consultant to advise it on issues related to taxing, delivery and testing of cannabis. The City Council approved hiring **HdL Companies** at its March 26 meeting at a cost of \$10,000.

Deputy City Manager **Samantha Argabrite** said that bringing on a consultant will ensure the council has all the options available to them before they decide to loosen up regulations on cannabis or maintain the status quo.

"Having the expertise of a consultant that has worked with so many cities in the state, I think will give them a certain level of comfort before they move forward on a decision," she added.

Right now, the only activity allowed in the Ventura County city is for adults to grow six marijuana plants for personal use. Personal cultivation was allowed under Prop 64, the ballot measure approved by voters in 2016 that made recreational use of marijuana legal in the state starting in January. Medical marijuana has been legal in California since 1996.

"In terms of additional uses, any retail sales, any kind of testing facilities, any kind of medical shops, is currently not permitted,"

Argabrite said.

David McPherson, the cannabis compliance director for HdL, said part of the firm's goal is to educate the Simi Valley City Council so they understand the consequences of whatever decision they end up making.

"They do not want to get caught flat-footed with whatever happens," McPherson said.

The issues that HdL, in Diamond Bar, will give assistance on are a ballot measure to tax cannabis in the city; recommendations by the Planning Commission to allow testing facilities in general industrial zoning districts; and to allow state-licensed delivery services to bring medical marijuana to city residents.

State laws allow local city or county governments to place a gross receipts tax on recreational commercial cannabis uses and services. Additionally, the state is lowering the excise tax and suspending for three years a cultivation tax.

On the tax issue, Argabrite said the city needs to make sure if it goes forward with it that the amount chosen is enough to bring in revenue but not so high that it forces people to buy marijuana on the black market.

While Argabrite wouldn't go so far as to say the notoriously conservative city would



Off Limits: Currently, Simi Valley does not allow retail sales or testing of marijuana.

loosen up cannabis regulations, there are some in the community that would like to see that. Still, it is an issue that the elected officials take seriously.

"(City Council members) want to understand the ramifications from both sides before they make a decision," Argabrite said. "I think this will give them a lot of the information they are going to need."

HdL has worked with other cities in the county, including Thousand Oaks, Ventura and Port Hueneme.

Melissa Hurtado, revenue operations manager for Thousand Oaks, said the city hired the consultants at HdL initially to advise on its ordinance that limits to one each for a medical marijuana dispensary and a cannabis testing facility.

The initial contract was for \$30,000. An amendment was later added to the contract for a total cost of no more than \$85,000.

"We did it for several years, anticipating

that we would go forward utilizing them for other things than just crafting the ordinance," Hurtado said.

HdL is working with city staff on the selection process for the single dispensary and testing facility allowed under the ordinance. It is also advising on a ballot measure the council is considering on taxing cannabis.

"They have seen what works and seen what didn't work," Hurtado said. "They have been in the game for a long time."

When Thousand Oaks was in the same point that Simi Valley is now of determining a direction to take when it comes to cannabis, the more the council was educated and the individual council members' concerns were addressed, the better it was for the city.

"When they made their decision to do something, it made for an informed decision versus the industry driving the conversation and not knowing their unique situation," McPherson said.



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SAMANTHA ARGABRITE,
City of Simi Valley

Vegas Shooting, Client Loss Hurt Tix's Year

ENTERTAINMENT: Ticket vendor launches online to counter revenue decline.

By **MARK R. MADLER** Staff Reporter

Increased competition and a downturn in visitors to Las Vegas impacted the fourth quarter results of **Tix Corp.**

The Studio City discount ticket provider, however, remained confident there will be a rebound in Vegas visitors this year and that other steps it has taken, including growth initiatives and cost reduction efforts, will help in improving its finances.

Attempts to reach a representative of Tix were not successful.

For the quarter ending Dec. 31, Tix reported a net loss of \$5.2 million (-30 cents a share) compared with net income of \$430,000 (2

cents) in the same period a year earlier. Revenue decreased by 33.6 percent to \$3.6 million. The stock closed at 25 cents on April 11.

There were several external factors contributing to the decrease in revenue from the company's nine ticket kiosks, which operate in Vegas under the name Tix4Tonight. It has operated the kiosks since 2002 offering low-cost show and museum tickets and dinner reservations.

One impact is the decision by **MGM Resorts International** to open five of its own discount ticket booths on their Vegas properties. This resulted in MGM withdrawing tickets to four of its Cirque du Soleil shows from Tix4Tonight kiosks.

However, tickets for Cirque's bestselling show, *Mystere*, which is owned by the Cirque and Treasure Island, continue to be sold at Tix kiosks.

Another contributing factor is that tourism in the desert city had a significant and sustained

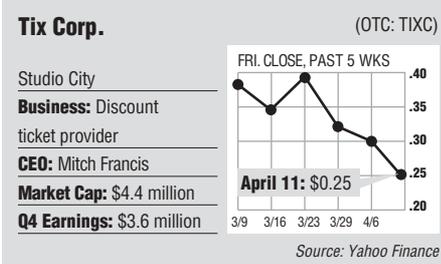
decline after the Oct. 1 mass shooting that killed 58 people and injured another 851.

"Public data confirms that visitation and tourism fell materially and that revenue on the Las Vegas strip and casinos fell significantly since the shooting," Tix said in a release accompanying its fourth quarter financials.

The research center for the **Las Vegas Convention and Visitors Authority** reported that visitor volume in October last year dipped by 4.2 percent. In November, the decrease was 3.7 percent, while December showed a 2.5 percent drop compared to a year earlier.

"The company believes that the customers lost as a result of the Las Vegas Strip shooting and the downturn in general tourism since the event will return in 2018," Tix said in its release.

Tix executives have taken other steps to improve the financial performance of the company. They include opening a website late last year to sell discount tickets online and developing a new discount shopping program



called the Vegas Savings Card. That program is used primarily for promotional purposes and not to generate revenue, the company said.

Later this year, the company will launch an online magazine, the Vegas Local Expert Planning Guide, that will provide visitors information on shows, tours, attractions and dining.

Lastly, the company reduced expenses in late 2017 by cutting staff, taking voluntary cuts in executive compensation and voluntary elimination of staff and executive bonuses.