

CANNABIS SURVEY RESULTS

JANUARY 2025

Presented To

CHARLIE MCCLENDON,
CITY MANAGER

Presented By

VICTOR GOMEZ,
ADMINISTRATIVE ANALYST II

Background

In January 2025, at the request of City Manager Charlie McClendon, an anonymous cannabis survey was conducted to assess the state of Cathedral City's cannabis market, targeted at Cathedral City's currently operating cannabis cultivators, retailers (dispensaries), and manufacturers.

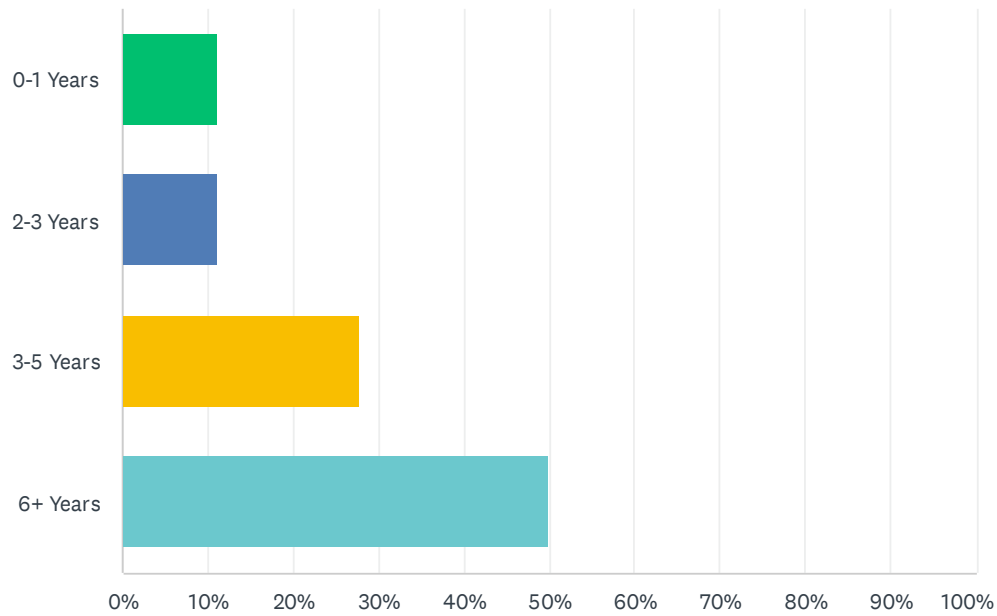
A two-week period was allotted for the anonymous survey's completion, from January 16 – January 30, 2025. 44 businesses were emailed the survey via the SurveyMonkey software, with 18 responding.

The questions in the survey were organized into the following sections:

Pages 1 – 4	General Questions
Pages 5 – 11	Cultivation Questions
Pages 12 – 17	Retail (Dispensary) Questions
Pages 18 – 23	Manufacturing Questions
Pages 24 – 27	Closing Questions/Comments

Q1 How long have you operated your cannabis business in Cathedral City?

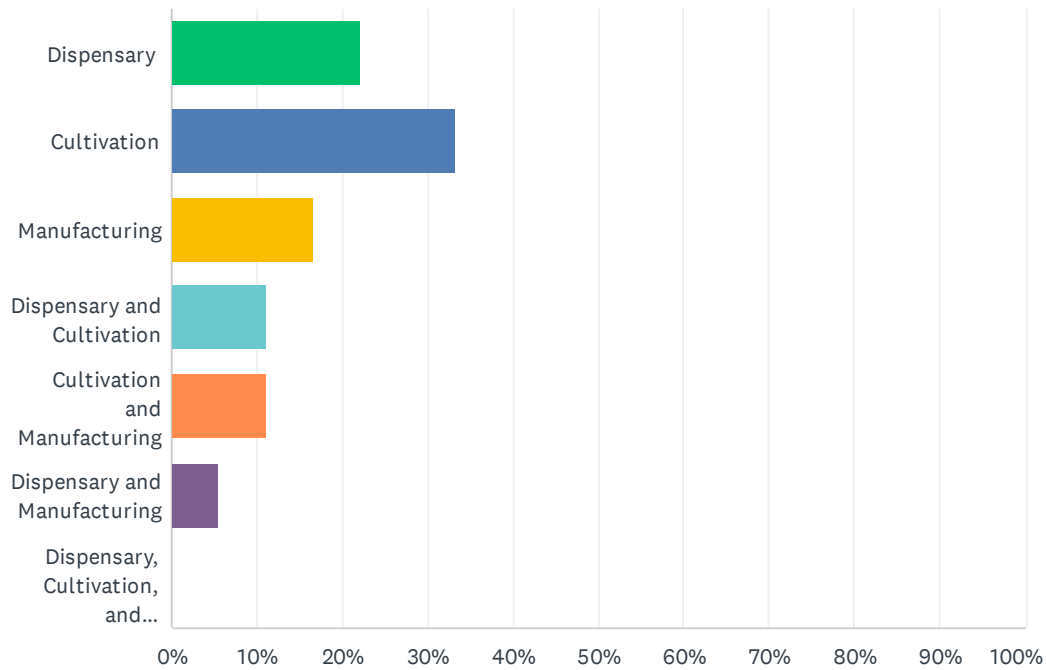
Answered: 18 Skipped: 0



ANSWER CHOICES	RESPONSES	
0-1 Years	11.11%	2
2-3 Years	11.11%	2
3-5 Years	27.78%	5
6+ Years	50.00%	9
TOTAL		18

Q2 What type of cannabis business(es) do you operate?

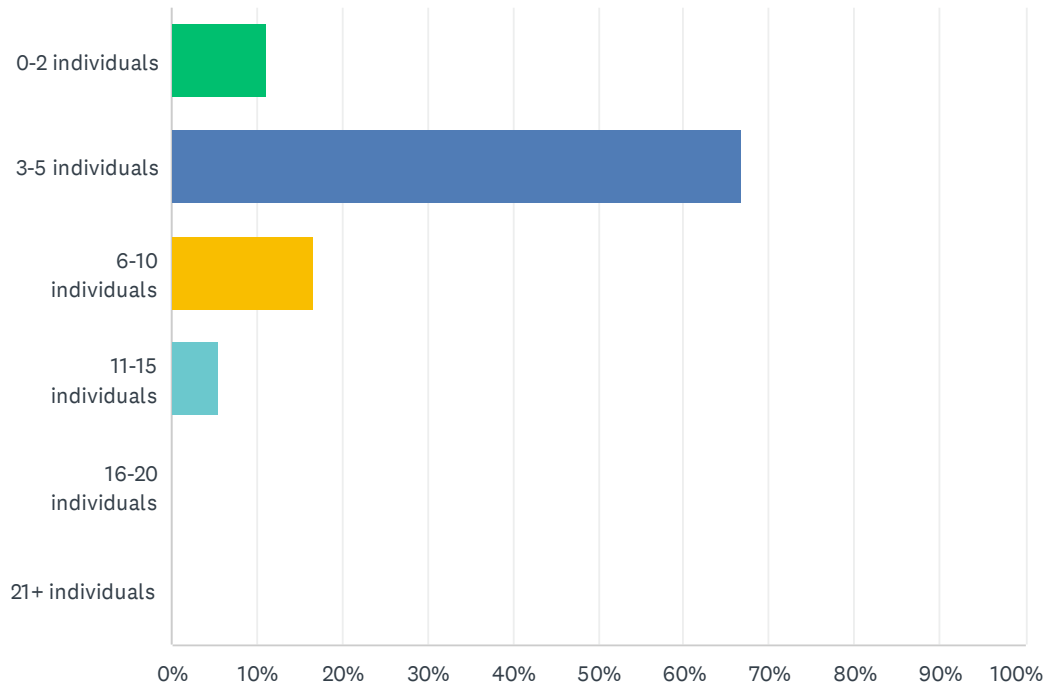
Answered: 18 Skipped: 0



ANSWER CHOICES	RESPONSES	
Dispensary	22.22%	4
Cultivation	33.33%	6
Manufacturing	16.67%	3
Dispensary and Cultivation	11.11%	2
Cultivation and Manufacturing	11.11%	2
Dispensary and Manufacturing	5.56%	1
Dispensary, Cultivation, and Manufacturing	0.00%	0
TOTAL		18

Q3 How many people do you currently employ? In this employee count, please include those with an ownership interest who are actively involved in the operation of the business.

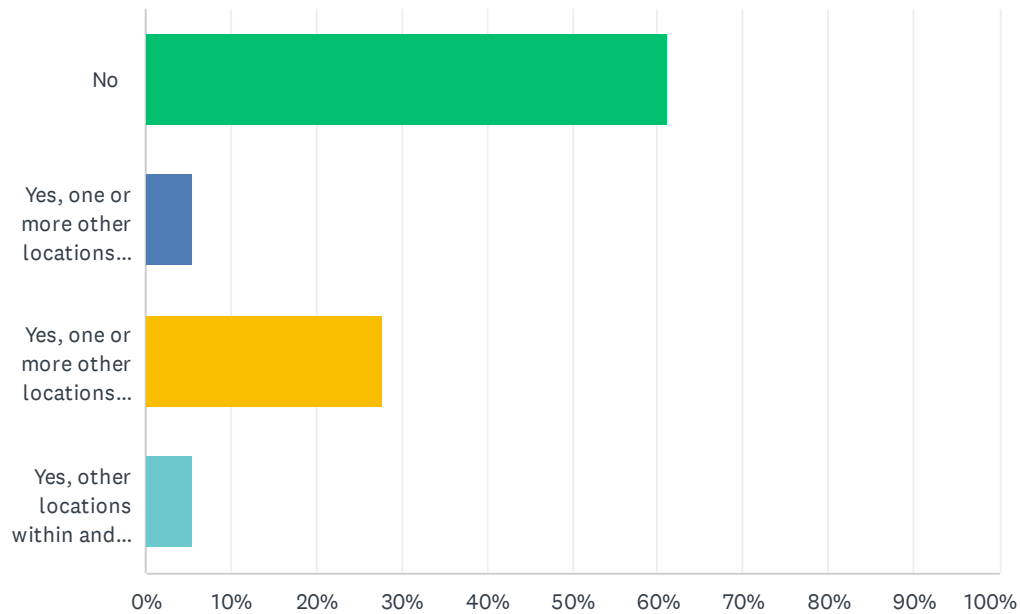
Answered: 18 Skipped: 0



ANSWER CHOICES	RESPONSES	
0-2 individuals	11.11%	2
3-5 individuals	66.67%	12
6-10 individuals	16.67%	3
11-15 individuals	5.56%	1
16-20 individuals	0.00%	0
21+ individuals	0.00%	0
TOTAL		18

Q4 Do you own or manage cannabis businesses in other cities?

Answered: 18 Skipped: 0



ANSWER CHOICES	RESPONSES	
No	61.11%	11
Yes, one or more other locations within the Coachella Valley	5.56%	1
Yes, one or more other locations outside of the Coachella Valley	27.78%	5
Yes, other locations within and outside of the Coachella Valley	5.56%	1
TOTAL		18

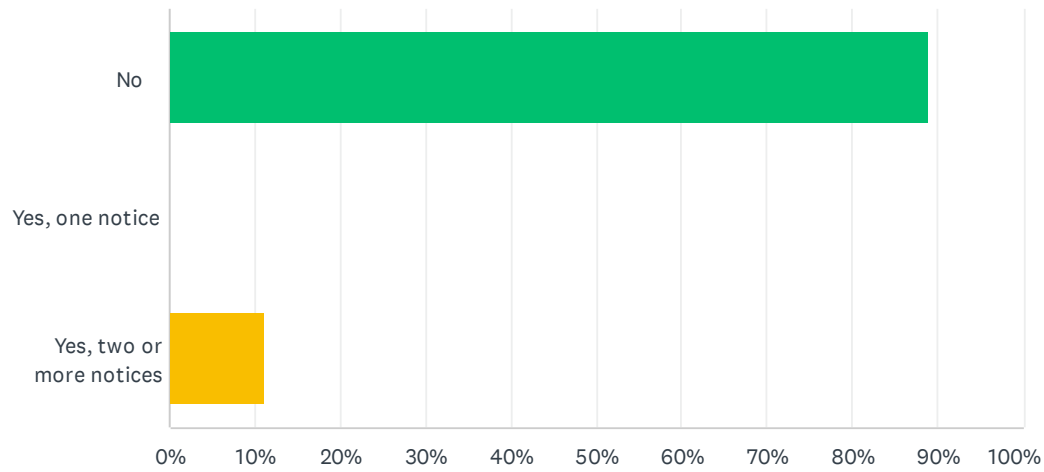
Q5 When did your cultivation business first open?

Answered: 8 Skipped: 10

#	RESPONSES	DATE
1	2018	1/29/2025 2:35 PM
2	2017	1/29/2025 12:57 PM
3	2019	1/29/2025 8:02 AM
4	2024	1/23/2025 10:10 AM
5	2017	1/23/2025 10:01 AM
6	2023	1/23/2025 10:00 AM
7	2016	1/23/2025 9:44 AM
8	2021	1/16/2025 5:17 PM

Q6 Have you received any notices of violation regarding odor?

Answered: 9 Skipped: 9



ANSWER CHOICES	RESPONSES	
No	88.89%	8
Yes, one notice	0.00%	0
Yes, two or more notices	11.11%	1
TOTAL		9

Q7 What do you believe is the most effective component or process of your cannabis odor mitigation system?

Answered: 6 Skipped: 12

#	RESPONSES	DATE
1	Filters	1/29/2025 2:35 PM
2	keep the exterior doors closed	1/29/2025 12:57 PM
3	Carbon filters	1/29/2025 8:02 AM
4	There is none, it is a smelly plant.	1/23/2025 10:01 AM
5	Correctly balanced HVAC system	1/23/2025 10:00 AM
6	Sealed rooms and carbon filters	1/16/2025 5:17 PM

Q8 How often is your cannabis odor mitigation system serviced?

Answered: 5 Skipped: 13

#	RESPONSES	DATE
1	Annually	1/29/2025 2:35 PM
2	Every two weeks	1/29/2025 8:02 AM
3	Regularly	1/23/2025 10:01 AM
4	Monthly	1/23/2025 10:00 AM
5	As needed	1/16/2025 5:17 PM

Q9 What recommendations, if any, do you have for improving a cultivation site's odor mitigation system?

Answered: 4 Skipped: 14

#	RESPONSES	DATE
1	This is much larger conversation and your survey is not organized to truly address the issues related to odor mitigation.	1/29/2025 2:35 PM
2	Have a good carbon filter	1/29/2025 8:02 AM
3	There is none, it is a smelly plant.	1/23/2025 10:01 AM
4	None	1/23/2025 10:00 AM

Q10 Given your experience in cultivation, is total external odor elimination even possible?

Answered: 5 Skipped: 13

#	RESPONSES	DATE
1	Odor elimination is not possible. Mitigation is possible. However, the cities are trying to force operators to make substantial investments to mitigate odors with little consideration for all of the overhead, and excessive taxation on cannabis businesses. I'd like to see the city collaborate with the operators to find a middle ground that makes sense for the community and the cannabis operators.	1/29/2025 2:35 PM
2	98%	1/29/2025 8:02 AM
3	No, not even close.	1/23/2025 10:01 AM
4	Very difficult and very expensive	1/23/2025 10:00 AM
5	Yes	1/16/2025 5:17 PM

Q11 How often do you hear of cannabis odor complaints from both the local cannabis community and the Cathedral City community, and do you believe these complaints negatively impact your cultivation operation or the perception of cultivators in general?

Answered: 5 Skipped: 13

#	RESPONSES	DATE
1	Generally, I do not hear much in the way of complaints about odor. However, there is a concentration of cultivators in certain areas and as a result the odor is amplified by the sheer volume.	1/29/2025 2:35 PM
2	I personally don't receive complaints from anyone. I do understand how it can affect someone's perception of a cultivation and thinking they are all of the same	1/29/2025 8:02 AM
3	None.	1/23/2025 10:01 AM
4	We have received no complaints.	1/23/2025 10:00 AM
5	Never	1/16/2025 5:17 PM

Q12 When did your dispensary first open for business?

Answered: 4 Skipped: 14

#	RESPONSES	DATE
1	2018	1/29/2025 3:02 PM
2	2021	1/23/2025 2:24 PM
3	N/A we are a cultivator only	1/23/2025 10:01 AM
4	jan 2018	1/17/2025 12:26 PM

Q13 If you have a lounge, what has been your experience in operating it?

Answered: 4 Skipped: 14

#	RESPONSES	DATE
1	We have a lounge that has not begun operations yet.	1/29/2025 3:02 PM
2	N_A	1/23/2025 2:24 PM
3	N/A we are a cultivator only	1/23/2025 10:01 AM
4	just opened - not sure	1/17/2025 12:26 PM

Q14 If you do not have a lounge, do you have any desire to open one? Why or why not?

Answered: 3 Skipped: 15

#	RESPONSES	DATE
1	N/A	1/29/2025 3:02 PM
2	No. There's no money in lounges and there's a bigger liability factor.	1/23/2025 2:24 PM
3	N/A we are a cultivator only	1/23/2025 10:01 AM

Q15 What can you attribute most to your dispensary's success?

Answered: 4 Skipped: 14

#	RESPONSES	DATE
1	Good quality product, at great prices, great service.	1/29/2025 3:02 PM
2	Service, pricing, variety, quality	1/23/2025 2:24 PM
3	N/A we are a cultivator only	1/23/2025 10:01 AM
4	my ability to shovel my own money into it.	1/17/2025 12:26 PM

Q16 What is your current biggest challenge in operating your dispensary?

Answered: 4 Skipped: 14

#	RESPONSES	DATE
1	Our current biggest challenge in operating the dispensary is the high cost of maintaining armed security, which significantly impacts our day-to-day operations. The lack of comprehensive banking options for cannabis businesses adds to this challenge. If cannabis dispensaries were treated more like liquor stores, with improved banking solutions, it would greatly enhance our operational efficiency and reduce costs.	1/29/2025 3:02 PM
2	Compounding taxes & other inflated fees that only cannabis businesses are forced to pay.	1/23/2025 2:24 PM
3	N/A we are a cultivator only	1/23/2025 10:01 AM
4	running out of my own money	1/17/2025 12:26 PM

Q17 Please describe the current state of operating your dispensary and your projection for its state in a few years' time:

Answered: 4 Skipped: 14

#	RESPONSES	DATE
1	Currently, the dispensary is not operational. However, over the next five years, we anticipate that the business will grow significantly, reaching an annual revenue of \$5 million.	1/29/2025 3:02 PM
2	Doors are open but it's tough to turn a profit. It's almost like the system is structured so we're allowed to operate but not allowed to make a living.	1/23/2025 2:24 PM
3	N/A we are a cultivator only	1/23/2025 10:01 AM
4	pretty sad - not self supporting. city ruined it and allowed so many to open. you guys think you will make more tax money? no at this point hopefully this is realized	1/17/2025 12:26 PM

Q18 When did your manufacturing business first open?

Answered: 4 Skipped: 14

#	RESPONSES	DATE
1	2019	1/29/2025 4:55 PM
2	N/A	1/29/2025 3:03 PM
3	N/A we are a cultivator only	1/23/2025 10:01 AM
4	August,2018	1/21/2025 10:14 AM

Q19 What type of products do you manufacture and which have been your most successful?

Answered: 4 Skipped: 14

#	RESPONSES	DATE
1	Crude	1/29/2025 4:55 PM
2	N/A	1/29/2025 3:03 PM
3	N/A we are a cultivator only	1/23/2025 10:01 AM
4	Right now only Crude oil and prerolls.I stopped working on any other products because I can't compete with the black market and all illegal producers ,who do not pay any taxes and can afford to sell much cheaper than me.	1/21/2025 10:14 AM

Q20 What can you attribute most to your manufacturing success?

Answered: 4 Skipped: 14

#	RESPONSES	DATE
1	None really. Prices are so low we are lucky to break even	1/29/2025 4:55 PM
2	N/A	1/29/2025 3:03 PM
3	N/A we are a cultivator only	1/23/2025 10:01 AM
4	I think is me working 12 hours a day	1/21/2025 10:14 AM

Q21 What is your current biggest challenge in operating your manufacturing site?

Answered: 4 Skipped: 14

#	RESPONSES	DATE
1	The only challenge is the city tax. Cathedral City is one of the only city's that have a manufacturing tax.	1/29/2025 4:55 PM
2	N/A	1/29/2025 3:03 PM
3	N/A we are a cultivator only	1/23/2025 10:01 AM
4	Black market and highest taxes in Cathedral City.Manufacturing taxes were set 6 years ago and never changed.But the prices of our products went down substantially . We need HELP with the taxes.	1/21/2025 10:14 AM

Q22 Please describe the current state of operating your manufacturing site and your projection for its state in a few years' time:

Answered: 4 Skipped: 14

#	RESPONSES	DATE
1	No idea. Hope prices go up	1/29/2025 4:55 PM
2	N/A	1/29/2025 3:03 PM
3	N/A we are a cultivator only	1/23/2025 10:01 AM
4	I do not know how long I will be open. Maybe this is my last year.Many Labs already closed down.I invest all my money in that business ,and that the only thing keeping me going forward.My biggest hope is that Cathedral City will understand and help us to survive.	1/21/2025 10:14 AM

Q23 What local regulation has been the most difficult to adhere to?

Answered: 4 Skipped: 14

#	RESPONSES	DATE
1	TAX	1/29/2025 4:55 PM
2	N/A	1/29/2025 3:03 PM
3	N/A we are a cultivator only	1/23/2025 10:01 AM
4	Taxes.Taxes.Taxes.Something has to change, otherwise I am probably the next who will be out of business.	1/21/2025 10:14 AM

Q24 Is there anything else you would like to communicate to Cathedral City staff or the City Council?

Answered: 9 Skipped: 9

#	RESPONSES	DATE
1	Eliminate manufacturing tax	1/29/2025 4:56 PM
2	I don't think so.	1/29/2025 3:14 PM
3	It's not fair to pull the licenses if your past due on the taxes, I understand if no payments are being made then sure pull the licenses, but if they are trying to survive and do things right don't kick us while we are down. Continue with payment plans and work with us.	1/29/2025 8:10 AM
4	Yes. Please consider getting rid of the retail tax on the city level. Many fail to realize that the taxes are compounding so on top of the 5% to the city, there is a 15% excise tax, then 8.75% sales tax.. which all Compound on each other.	1/23/2025 2:31 PM
5	You make us pay taxes, which are insane, and other cities with close to the beach where you have no extreme weather conditions, which lead to high (extremely high) HVAC maintenance, makes the cost of doing business unreal. If I was a CNC manufacturing company, I wouldnt pay a "CNC" tax. You have watched failure after failure, and refuse to act. You have a Casino. Im sure your revenue is fine. You keep pushing us all out of business.	1/23/2025 10:04 AM
6	Please figure out a way to speed up the owners' background checks. The state does it in one day, while the city takes 10 weeks.	1/23/2025 10:04 AM
7	PLEASE,lower the taxes like every else in CA.Cathedral City has the highest tax rate in CA.PLEASE,stop or at least try to do something with the black market.I will pay much more taxes if that two above happened.	1/21/2025 10:36 AM
8	dont give out more licenses thinking this will help collect more tax dollars. it doesnt work like that. even now, its a rush to the bottom competing with other dispensaries. who is going to give away more, to get more customers. that is how it is.	1/17/2025 1:06 PM
9	No	1/16/2025 5:18 PM

Q25 What would benefit you, small-business wise, aside from tax rate modification?

Answered: 8 Skipped: 10

#	RESPONSES	DATE
1	Addressing the traditional market would be beneficial to the industry as a whole.	1/29/2025 3:14 PM
2	Staying in business during these tough times.	1/29/2025 8:10 AM
3	A moratorium on any new retail in the city. Let those that have survived until now, actually have a chance to continue operating without new competition and potentially thrive. The Coachella Valley market is already extremely over saturated.	1/23/2025 2:31 PM
4	When you say "aside" are you avoiding the blatant issue that tax rates are ridiculous?	1/23/2025 10:04 AM
5	Please figure out a way to speed up the owners' background checks. The state does it in one day, while the city takes 10 weeks.	1/23/2025 10:04 AM
6	Understanding and listening our business needs from the officials in Cathedral City.	1/21/2025 10:36 AM
7	quit issuing dispensary licenses. dispensaries are different. manufacturing and cultivation can readily find customers outside of the valley and sustain themselves. dispensaries can not.	1/17/2025 1:06 PM
8	Easier permitting	1/16/2025 5:18 PM

Q26 Are there any other comments you would like to add?

Answered: 8 Skipped: 10

#	RESPONSES	DATE
1	N/A	1/29/2025 3:14 PM
2	Let's work together	1/29/2025 8:10 AM
3	Once again, please take into deep consideration, doing the way with the Cannabis retail tax all together. We are regular, legit, legal, retail businesses, just like non-cannabis retail stores, and should be taxed as such.	1/23/2025 2:31 PM
4	Get rid of taxes.	1/23/2025 10:04 AM
5	Please figure out a way to speed up the owners' background checks. The state does it in one day, while the city takes 10 weeks.	1/23/2025 10:04 AM
6	Recently I had a audit for 2021,2022and 2023.It is a long story ,but I had to pay 11700\$, mostly penalty and interest.I try to fight and explain that I did not do anything wrong.Two people from their office told me how to pay taxes when you conduct business with another company in Cathedral City.They knew that I am correct ,but they did not do anything to except their mistake. I had to withdraw money from my credit card to pay. I am very glad and optimistic for that survey .I hope that will help to understand how difficult is the situation and HELP us somehow .	1/21/2025 10:36 AM
7	A year ago through some software issues i had to resolve, i found out since day one in 2018, the city told me that we had to pay taxes on full retail even with discounts. i even got fined in 11k in 2018 for it. i owed a ton of taxes and interest and late fees on TAX THAT I SHOULD HAVE BEEN NOTIFIED I WAS OVER PAYING TAX AND THEREFORE WRONG TAX DUE, WRONG TAX OWED, WRONG INTERST OWED SINCE 2017-2023. i made a deal with Charles and Kevin under duress to resolve back taxes owed from 2023, 2022, 2021,2020. the city owed me \$77,000 and i owed the city \$27,000. Charles and Kevin said sign the agreement and we cut checks every two weeks. I never got my check on time and it subsequently cost me 10K in a fine from the DCC. Charles called me on his private line to tell me Kevin's spouse passed away that week in my response to email i was sending out asking where is my check??? i needed it for the taxes for the DCC. I am pretty upset by this as Charles and Kevin told me directly that i should be thankful because they never make exceptions like this. i asked for the 10K that i lost because the city did not keep its promise as part of the deal to get me a check in 2 when checks were cut again. i was going to let the earlier years go if i got the 42K from the city on time. I did not get it when promised per email. NO APOLOGY AT ALL FROM EITHER. CHARLES AT ONE POINT SAID, WE DIDNT HAVE TO GIVE YOU THE EXTRA YEAR. I told him, read the law, it says if the city collects in error, which it did all these years, i am owed all the years and interest as well. Stupid me, i did not have an attorney and hoped the city would do the right thing. They both just brushed me off as if i dont know what i was talking about. The reality is they never said anything, they never corrected anything, they audited me and fined me 11k in 2018. When i was in the meeting in 2024 with Kevin and Charles, Kevin explaining to Charles the problem, Kevin said, "remember that is how we did it in the beginning."	1/17/2025 1:06 PM
8	No	1/16/2025 5:18 PM

Sent: Wednesday, January 29, 2025 5:17 PM
To: Victor Gomez
Subject: Re: City of Cathedral City - January 2025 Cannabis Survey

Follow Up Flag: Follow up
Flag Status: Completed

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Cannabis = Smell

There is no way to mitigate the odor, or the Siracha guys would have figured it out over the last 4 decades

Taxes = Death of small business. Cost of doing business are to expensive in Low Valley due to HVAC up keep and SCE electrical.

Basic, Economics 101.

I make more running a 3300 Sq Ft bar in Costa Mesa than my 10,000 Sq Ft six million dollar facility.

Unreal.