



**3089 Teagarden Street
San Leandro, CA 94577**

April 30, 2025

VIA EMAIL to eengelbart@sanleandro.org

San Leandro City Manager's Office
835 East 14th Street
San Leandro, CA 94577

RE: Expansion of NUG Wellness' Operations

Dear San Leandro City Manager:

I would first like to thank you for the opportunity to conduct business in San Leandro. NUG is fortunate to have such a supportive city. San Leandro has been a great partner in taking a business-friendly approach to regulating its cannabis businesses.

A Good Civic Partner

While much of the California cannabis market is in disarray, NUG has been able to thrive. We currently service over one thousand loyal customers daily from across the East Bay Area at our San Leandro store. These sales have generated significant revenue and community benefits for California and the City of San Leandro (see table below). To-date, NUG has contributed over \$5.5M to the San Leandro community in sales tax*, local gross receipts tax, local license fees, and local community benefit contributions.

Year	CA Sales Tax		CA Excise Tax		CA License Fees		SL Gross Receipt Tax		SL City Biz License		SL Community Benefits		Total
2019	\$	25,881	\$	-	\$		\$	15,927	\$	30,000	\$		71,808
2020	\$	1,199,368	\$	-	\$	38,500	\$	735,640	\$	30,000	\$		2,003,508
2021	\$	1,930,630	\$	-	\$	96,000	\$	944,393	\$	35,000	\$	50,000	3,056,023
2022	\$	1,983,612	\$	-	\$	96,000	\$	795,599	\$	35,000	\$	120,027	3,030,239
2023	\$	2,193,730	\$	2,672,713	\$	96,000	\$	897,878	\$	35,000	\$	130,000	6,025,321
2024	\$	2,002,746	\$	2,464,335	\$	96,000	\$	828,982	\$	35,000	\$	130,000	5,557,063
2025 YTD	\$	497,620	\$	606,710	\$		\$	204,139	\$	35,000	\$	30,000	1,373,469
Total	\$	9,833,587	\$	5,743,758	\$	422,500	\$	4,422,559	\$	235,000	\$	460,027	21,117,432

* Total sales tax rate is 10.75% which includes 7.25% (\$6.6M est.) to CA, 3.0% (\$2.7M est.) to Alameda County and 0.5% (\$0.5M est.) to San Leandro (source: CDTFA-105 REV. 36 (4-25)).

In addition, NUG has developed strategic relations with other San Leandro businesses to help drive our customers to shop at local businesses, engaged in Chamber activities, and contributed countless hours to support our local community benefits partner the Davis Street Family Resource Center.

Only Original License Holder

NUG is the only original license holder in good standing with all regulations, current on all tax obligations, and current with all vendors. San Leandro has issued a total of three cannabis retail licenses since inception of the City's cannabis program. Two licenses have traded hands as part of corporate transactions and/or financial restructurings. One of these licenses has lost its lease and has not transacted in 2025. The other license has limited hours of operation. As a result, San Leandro cannabis customers are under-served and the City is not receiving its full revenue potential.

Expansion of Retail Operations and Online Sales

NUG continues to expand its retail footprint and offer new services. We currently operate nine stores in California and one in New York. We have made considerable investments in establishing a premium retail experience, including a focus on both in-store and online commerce.

The NUG platform offers customers the flexibility of shopping online for in-store pickup or delivery, all while earning loyalty points that can be used at any participating NUG store. Approximately 22% of all NUG's retail sales currently come from online sales. In San Leandro that number is nearly 30%. This growth in online sales has allowed NUG to reduce the amount of cash it handles, as most online sales are prepaid through digital payments (ACH & debit).

The focus on online sales has not been without its challenges. We now have a new customer segment that we must cater to; online shoppers that want a quick in-and-out pickup experience. NUG has installed express pickup counters in San Leandro to accommodate the growth in online orders. However, this shift in customer demographics has pushed our current facility to its limits.

Proposal for New NUG Facility in San Leandro

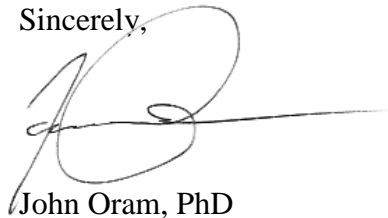
NUG has secured a lease for 1911 Fairway Drive and wishes to establish a "satellite" or "express" retail cannabis facility at the site. The proposed facility would serve primarily to fulfill online orders and offer an "express" in-store experience. The addition of this facility would alleviate traffic from our current facility on Teagarden Street and would allow a renewed focus on a personal in-store experience.

The Fairway Drive site is the former location of one of the other licensed cannabis retailers in San Leandro. As such, the site has already gone through the Conditional Use Permit process and is fully entitled for retail cannabis sales. If granted a permit to operate at this site, NUG would comply with the requirements of this existing Conditional Use Permit.

The benefits of allowing NUG to operate at the Fairway Drive location are numerous. First and foremost, it will allow NUG to offer its premium customer experience to more customers. Secondly, the new location will alleviate traffic from the Teagarden Street location. And importantly, NUG's new location will allow the City of San Leandro to realize its full revenue potential from cannabis sales while doing so with a known and trusted civic partner.

Thank you for your consideration of our proposal to expand NUG's operations in San Leandro. We look forward to working with you to make this a reality.

Sincerely,

A handwritten signature in black ink, appearing to read 'John Oram', with a long horizontal flourish extending to the right.

John Oram, PhD
Chief Executive Officer

DocuSigned by:

EBD0A2DEF8B4435...

Adam Peterson
President