

**To: Joint Legislative Judicial Oversight Committee**  
**From: Alexandra Ford, Executive Director of Grassroots Vermont**  
**Date: September 23, 2016**

Good afternoon. I am Alex Ford and I am the founder and Executive Director of Grassroots Vermont, which was formerly known as Rutland County Organics. Grassroots is one of the four medical marijuana license holders in Vermont and we operate our cultivation facility and dispensary out of Brandon.

**Overview:**

We are the smallest of the Vermont licensed dispensaries, as each license holder is currently limited to a single dispensary location and Brandon is the most rural of the current dispensary locations in Vermont with the smallest patient pocket. At the present time, we have four (4) full-time employees and another one (1) part-time employee. We have only recently approached the break-even point after three (3) years in operation. We currently have 370 registered patients.

We have been lucky enough to find a lender willing to extend credit to us, a difficult proposition for medical license holders given current federal law and the fact that Vermont license holders must be non-profit corporations. Because of the small number of medical marijuana patients in Vermont and our limited revenue potential, we are still not at the point where we are able to afford a commercial kitchen or on-site testing. We do, however, utilize the services of an ISO-certified independent laboratory for testing, to ensure product safety and the integrity of our testing results.

Grassroots recently began the first approved delivery service in Vermont. We believe that providing home delivery is critical for certain medical cannabis patients that cannot for medical reasons travel to our dispensary in Brandon. Some patients also prefer the convenience and privacy of home delivery. However, it has been our experience that many patients prefer to come in and talk to a patient services representative in person, to learn about what their options are and to talk about what products are likely to provide them with the greatest relief from their qualifying medical conditions and how best to administer those products.

**Currently Underserved Areas and Expansion:**

Because delivery is not always a desirable choice for customers in more rural areas such as the Northeast Kingdom and the Bennington area, I agree that it would be desirable to have physical dispensary locations in those areas. The solution for providing better accessibility to medical marijuana patients in these underserved areas is to make it easier for the current license holders to serve these areas. As I indicated earlier, the current regulations in Vermont limit the license holders to one dispensary location. Allowing the existing Vermont medical cannabis license holders to open satellite dispensaries in these underserved areas is an excellent solution to providing

greater accessibility to medical cannabis for patients in these currently underserved areas.

However, it does not make sense to issue new licenses to cover these areas. There are only approximately 2800 registered patients currently in the whole state. The current license holders have more than enough cultivation capacity already to meet all the demand in Vermont. Grassroots recently scaled back its production significantly because we were overproducing for the limited number of patients in the state. There is simply no need for additional license holders to meet the foreseeable demand for medical cannabis in Vermont at the present time. That would of course change if a full adult cannabis use program were eventually approved by the legislature.

The current license holders are barely breaking even, given the high capital investment costs associated with building out a cultivation center and a dispensary location. The currently underserved areas that are the subject of this hearing have even fewer patients than other locations in the state. How will brand new license holders survive the high capital expenditure required upfront to build a cultivation center and a dispensary location, with an even smaller patient pocket than we have in Brandon? Awarding additional licenses will only make it harder for all of the dispensaries to succeed.

The better and fairer solution is to revise the regulations to make it easier for the current license holders to serve these areas by allowing satellite dispensary locations. This will provide the option of in-person patient services to patients in these areas, while at the same time helping to provide a little more financial opportunity and stability for the current license holders.

### **Providing Better Consumer Information and Competitive Pricing for Vermont's Medical Marijuana Patients:**

One of the keys to providing better service and pricing to our medical marijuana patients is providing better information. Under the current regulations, patients in Vermont are deprived of information about products and pricing that patients in other states have ready access to. Our overly burdensome restrictions on disseminating information to patients means that patients may be unaware of the medical cannabis products that are available to them that may provide relief for their qualifying medical conditions. Patients may also be unaware of the fact that delivery services are available to them, so that they have the option of using one of the other dispensaries and not just the one that is closest to them.

Importantly, Vermont's medical marijuana patients are afforded inadequate information about pricing, and that leads many patients to pay higher prices than they may have to. The dispensaries should be allowed to inform the public about pricing, so that patients can choose which dispensary they want to use before they have to register with one specific dispensary.

### **Competition Between Dispensaries Will Result in Lower Prices for Patients:**

Besides the lack of information to patients about prices, another obstacle to lower prices for Vermont's medical cannabis patients is the lack of competition caused by only having only one dispensary in a given geographic area. Lack of competition means higher prices, since the dispensary has inadequate incentive to provide their products at the lowest possible price.

Why not allow competitive market forces to help solve the problem? We believe that the Vermont regulations should be modified to expressly permit allow each license holder to open additional dispensaries to provide competition in each area of the state where it makes sense. The result will be competition and lower prices, better product selection, and better customer service.

We hear all the time from patients who switch to us from other dispensaries that the prices we charge are lower for the same or better products. Delivery capability only will solve this problem to a certain extent, because many patients want to come in and speak to a representative in person about products to treat their qualifying conditions, how best to ingest those products to obtain relief, and pricing.

If we allow each license holder to open satellite dispensaries in all areas of the state-- including in direct competition with the other dispensaries-- this will not only help better serve patients in currently underserved areas, but it will also provide meaningful competition in all areas of the state and result in both wider and better product selection and in lower prices for Vermont's medical marijuana patients.

Thank you.