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November 22, 2019

CITY CLERK'S OFFICE
MANHATTAN-BEACH, CA

Dear City Manager Bruce Moe and Finance Director Steve Charelian,

I am applying for the hardship extension the City of Manhattan Beach offered in its letter to me dated November 12, 2019. I am respectfully and fervently requesting that I be allowed to sell my remaining inventory until as late as December 31, 2022. I anticipate I will run out of vape and flavored tobacco products before then, but I can't be sure.

Beverly Hills, I believe, granted extensions of three years AND they grandfathered in three tobacco shops that are 21-and-over retailers exactly like my store.

My reasons for requesting the three-year hardship extension are these:

- I am a sole breadwinner for my family of 4. My sons Michael and Jacob are 6 and 4 years old. My wife is a fulltime mother to our boys.
- MB Smoke Shop is the only retailer in MB that exclusively sells tobacco and vape products. This urgency ordinance kills my 5-year-old business and wipes out my personal investment of \$300,000 plus my accumulated goodwill of \$375,000. Because of this ordinance, I will NOT be able to sell my business. I am in a unique situation. The City of MB will not be opening the floodgates by granting me this extension.
- This ordinance came out of nowhere overnight. I urge the City of MB to give me time to adjust and plan for my business in an orderly fashion. I was granted a tobacco license by the city when I opened. I've played by the rules. No one 21 years old or younger can even enter my shop. I've paid city taxes faithfully since the year I opened in 2014. I need time to adjust to the new reality that hit me overnight.
- My business lease runs through December 31, 2022. My monthly rent is \$5,346 which rises each October by \$140/month. I need time to try to renegotiate this lease, while continuing to pay the monthly rent. These things take time. I signed the lease in good faith knowing I had a legal license to sell my products within the City of Manhattan Beach. Overnight that license has been revoked. I need time to unwind my legal obligations.
- I have never knowingly sold to anyone underage. I have two fulltime employees at the counter in addition to myself. We know the tricks young people play. We all want to protect youth from the dangers of tobacco and vaping. We care about the young people in our community. I am a father and do not wish my children to smoke or vape. The average age of my customers is 40 years old (adults who switched to vaping). My business is five years old. I did not cause their desire to consume these products any more than a bar causes its patrons to become alcoholics.

The next page contains the requested information for the application of a hardship extension.

Please be as merciful and generous as possible. If I were your son, brother, or neighbor, you might feel differently about this ordinance. I beg you to extend my family a hardship extension through December 31, 2022.

Sincerely,

A handwritten signature in blue ink, consisting of a long horizontal stroke with a small loop in the middle.

Feras Adamo

Owner, MB Smoke Shop

1005 N. Aviation Blvd.

Manhattan Beach, CA 90266

MB Smoke Shop, 1005 N. Aviation Blvd, Manhattan Beach, CA 90266

manhattansmokeshop@hotmail.com

1a) Retailer's *name and street address*:

MB Smoke Shop

1005 N. Aviation Blvd

Manhattan Beach, CA 90266

1b) The *address* to which notice is to be mailed, a *telephone number* and *email address*:

1005 N. Aviation Blvd, MB 90266

661-600-3974

manhattansmokeshop@hotmail.com

1c) Retailer's *signature*: (see first page)

1d) The *term of the requested extension*: I respectfully request a hardship extension through December 31, 2022.

1e) *Documentation* relevant to the information requested: See below

2a) *Percentage of retail sales* over the last three years related to flavored tobacco and/or vapes:

2 years ago: approximately 45%; 1 year ago: 55%; present sales: >60%

Exact numbers are difficult as my sales are not broken out by these types of products

2b) The *amount of investment* in the business:

In the year 2014 I opened MB Smoke Shop with an initial investment of \$200,000. My leasehold improvements total \$81,700. Since then I've accumulated approximately \$375,000 in business goodwill according to business advisors. NONE of this can I recoup by selling my business now

that the ordinance has passed.

2c) The *present actual and depreciated value* of business improvements:

Actual business improvements: \$81,700. Current depreciated value: \$77,700.

2d) Applicable *IRS depreciation schedule*: I can provide financial statements through July 2019. However, my inventory of flavored tobacco and vaping products has risen substantially since that time.

2e) The *remaining use life of business improvements*: My entire store is dedicated to the sale of tobacco and vape products. The business improvements are 5 years old. The useful life is 30 years or more.

2f) The *remaining lease term* of the business: My business lease runs through December 31, 2022. Lease has an amendment option to renew until December 31, 2027 as part of earlier lease negotiation.

2g) The *ability of the retailer to sell other products*: Over 60% of my sales are vape products or flavored tobacco. My smoking clients have largely switched to vaping. I will have almost no chance of surviving as a business if I sell only regular-flavored tobacco.

2h) The *opportunity for relocation* of business and the cost of relocation: I have a lease through December 31, 2022 I have invested \$81,000 in leasehold improvements. I have no current ability to relocate the business.

2i) A *business plan* demonstrating how long the business will need to sell flavored tobacco and/or vapes to recoup any investment backed expectations, and a plan for phasing out the sale of those products:

The vast majority of my business revenues (over 60%) will be wiped out with this ordinance. My business plan is not to transition to other products. My plan is to seek to negotiate an early termination of the lease and to recoup my investment as much as possible. I have no other retail experience. My business cannot survive by selling only regular tobacco. I would not have relocated from Orange County and opened MB Smoke Shop had I known this ordinance would be passed by the City of Manhattan Beach.