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**GRAND JUNCTION CITY COUNCIL
MONDAY, MARCH 1, 2021
STREAMED LIVE
BROADCAST ON CABLE CHANNEL 191
WORKSHOP, 5:30 P.M.**

1. Discussion Topics

- a. Discuss an Outline and Timeline for the Regulation of Marijuana Related Businesses

2. City Council Communication

An unstructured time for Councilmembers to discuss current matters, share ideas for possible future consideration by Council, and provide information from board & commission participation.

3. Next Workshop Topics

4. Other Business

What is the purpose of a Workshop?

The purpose of the Workshop is to facilitate City Council discussion through analyzing information, studying issues, and clarifying problems. The less formal setting of the Workshop promotes conversation regarding items and topics that may be considered at a future City Council meeting.

How can I provide my input about a topic on tonight's Workshop agenda?

Individuals wishing to provide input about Workshop topics can:

1. Send an email (addresses found here www.gjcity.org/city-government/) or call one or more members of City Council (970-244-1504);
2. Provide information to the City Manager (citymanager@gjcity.org) for dissemination to the City Council. If your information is submitted prior to 3 p.m. on the date of the Workshop, copies

will be provided to Council that evening. Information provided after 3 p.m. will be disseminated the next business day.



Grand Junction City Council

Workshop Session

Item #1.a.

Meeting Date: March 1, 2021

Presented By: Lance Gloss, Senior Planner

Department: Community Development

Submitted By: Lance Gloss, Senior Planner

Information

SUBJECT:

Discuss an Outline and Timeline for the Regulation of Marijuana Related Businesses

EXECUTIVE SUMMARY:

The City Council has considered the regulation of marijuana businesses at numerous public hearings since July, 2020. The City Council recently referred two questions relating to the taxation, permitting, and licensing of marijuana businesses to the April 6, 2021 ballot. At this workshop, Council will review an outline of concepts related to marijuana businesses, including: regulatory recommendations from the Planning Commission and City Staff; existing regulations under State law; identification of regulatory issues to be investigated further; and administrative considerations.

BACKGROUND OR DETAILED INFORMATION:

At the January 20, 2021 hearing of the City Council, the Council voted to refer two questions to the April 6, 2021 municipal ballot concerning the licensing, permitting, and taxation of marijuana businesses. At that same public hearing, Council directed City Staff and the Planning Commission to develop an outline of a regulatory approach to the regulation of marijuana businesses. Specifically, this outline was proffered as a step toward defining the potential contents of a future Ordinance(s) concerning marijuana businesses, should both ballot questions be passed by a vote of the People in April. Further, the Planning Commission was requested to develop a set of recommendations pertaining to land use and use-specific standards for business involved in the sale, cultivation, and/or processing of marijuana.

The Planning Commission has considered this subject at a sequence of workshops and has developed recommendations as requested. These can be viewed in detail in

the attached outline. Broadly, the Planning Commission has recommended that regulations for marijuana businesses parallel those of corollary business types in the community, with an emphasis on the parallel between marijuana sales and liquor sales as well as between marijuana processing or cultivation and general indoor industrial activities.

The Council considers this outline and timeline at this workshop for the purposes of discussion and review. The workshop also presents an opportunity for the Council to further direct staff as to the pace, nature, and substance of further regulatory development.

FISCAL IMPACT:

There is no direct fiscal impact associated with this request.

SUGGESTED ACTION:

Discussion only.

Attachments

1. Marijuana Outline and Timeline
2. Marijuana State Licensing Fee Schedule

DRAFT

Marijuana Business Land Use and Operations Regulations Outline

A) ENFORCEMENT, OPERATIONS, AND SECURITY

- a. Convene a multi-disciplinary City staff team to address implementation and enforcement
 - i. Additional staff may be needed to assist with licensing, license renewals, inspection and enforcement
- b. Local Enforcement Mechanisms to be Implemented
 - i. Addition of staff (currently estimated at 1 FTE PD Officer)
 - ii. Coordination with Marijuana Enforcement Division (MED) at State level
 - iii. Establish regular inspections of all facilities
 - iv. Covert enforcement
 - v. Evaluate establishing a local marijuana business issues identification group
 - vi. Additional background investigation conducted by City Police Department into all principals of business or corporation (establish mandatory standards for acceptable history)
- c. All State operations and security requirements as provided for by State Marijuana Enforcement Division and Colorado Marijuana Rules (1 CCR 212-3 and subsequent revisions)¹ shall apply, including but not limited to:
 1. METRC Seed-to-Sale inventory tracking of all THC products
 2. Universal Symbol Graphics for THC-content warning labels on all products
 3. Criminal history evaluations of employees, applicants, and licensees; employees must renew license every two years
 4. Security locks, surveillance, and alarms required for all points of ingress/egress
 5. Surveillance cameras required for all operations areas including restricted access areas; all footage available to Local and State authorities upon request; 40-day minimum footage retention
 6. Disposal of all marijuana waste must render materials unusable and unrecognizable
 7. No products visible from public right-of-way
 8. Retail sales limited to 21+; medical sales limited to 18+ when separate entrance and purchase space are provided
 9. No sale or consumption of alcoholic beverages on premises
 10. Licensee must permit Local and State inspection at any time during all business hours and hours of apparent activity

B) STORES

- a. Licensing
 - i. Capped at _____ retail sales licenses
 1. All medical sales will be required to be co-located with a retail location and will not be counted as a separate license for purpose of the cap
 2. Requires both State and Local license
 3. License requires annual renewal
 - ii. Selection through a competitive RFP process
 1. RFP process would be open for response August 2021
 2. Submittal August 1; review and initial selection September 1
 3. Reserve lottery option if more than capped licenses are qualified candidates
 4. Point-based assessment to include

¹ The statutory authority for this rule includes but is not limited to sections 44-10-202(1)(c), 44-10-203(1)(c), 44-10-203(1)(j), 44-10-203(1)(g), 44-10-203(2)(g), 44-10-203(2)(h), 44-10-203(2)(i), and 44-10-1001(2), C.R.S. Authority also exists in the Colorado Constitution at Article XVIII, Subsection 16(5)(a)(VII).

- a. Proportion of local ownership
 - b. Track record, experience, and past violations
 - c. Operating plan
 - d. Other policy-derived aims
 - iii. Once selected, business may apply for a License (see 3, below); Local license applications and processing beginning September 1, 2021
 - 1. Required both State and Local license
 - 2. 45-day State licensing period
 - 3. Estimated 60-day Local licensing period
 - 4. See appended document for State licensing fee schedule; local fee schedule to be determined based on estimated cost of administration
 - 5. Final determination by Marijuana Licensing Authority (to be established similar to Liquor Licensing Authority)
- b. Land Use/Zoning
 - i. Allowed in all zone districts that currently allow for retail sales (i.e. in C-1, C-2, B-2, MU, MXS, MXOC zone districts)
 - ii. Buffering, 500 feet from schools (public, private, and parochial) and from main campus of a university/college (closest distance along public ROW)
 - iii. Mechanism to deter or prevent clustering of multiple stores in close proximity
 - iv. Site development to conform to standards of Zoning and Development Code
 - v. Parking ratio for High Volume Retail Sales and Services to apply; currently requires 1 parking stall per 300sf of structure
 - vi. A cap decreases the impact/need of tools such as buffering or overlays
 - vii. A cap is likely to increase the volume of customers per store, increasing potential for site issues such as traffic circulation and parking
- c. Use Specific Standards
 - i. On-site signage consistent with existing sign regulations; the state requires that no marijuana business have any form of advertising that targets individuals under the age of 18 (medical) or age 21 (recreational)
 - ii. Treatment of off-premise signs (aka Billboards)
 - iii. Hour of operation – State limits operations from 8 a.m. to midnight, Monday through Sunday
 - iv. Require BMPs for odor mitigation
- d. Additional Regulatory Considerations
 - i. Revise GJMC to clarify standards limiting odor nuisance in affected zone districts (Performance Standards throughout GJMC 21.03) and citywide (Title 8)
 - ii. Building Codes to address building and life safety issues related to marijuana sales
 - iii. Fire Codes to address building and life safety issues related to marijuana sales
 - iv. Regulations to deter dormant licenses
 - 1. Require operations to begin with 12 months of licensing
 - 2. Establish minimum timeframe of 24 months before license can be traded

C) PRODUCT MANUFACTURERS

- a. Licensing
 - i. Not capped for number of licenses
 - ii. Permit both medical product manufacturer licenses and retail product manufacturer licenses
 - iii. Open applications for licenses February 2022
 - iv. Requires both State and Local license

- v. Local license issued by Local Marijuana Licensing Authority (to be established similar to Liquor Licensing Authority)
 - vi. See appended document for State licensing fee schedule; local fee schedule to be determined based on estimated cost of administration
- b. Land Use Framework
 - i. Allowed in all areas where manufacturing/food products are allowed in current land use Code (i.e. I-O, I-1, I-2, C-2 zone districts)
 - ii. Hazardous uses (H Occupancy) as determined by the Fire Code requires a conditional use permit (CUP) and is conditionally allowed only in I-O, I-1, and I-2 zone districts
 - c. Use Specific Standards
 - i. On-site signage consistent with existing sign regulations; the state requires that no marijuana business have any form of advertising that targets individuals under the age of 18 (medical) or age 21 (recreational)
 - ii. Require BMPs for odor mitigation
 - iii. Other site-specific standards to be consistent with Zoning and Development Code requirements for indoor industrial operations
 - d. Additional Regulatory Considerations
 - i. Revise GJMC to clarify standards limiting odor nuisance in affected zone districts (Performance Standards throughout GJMC 21.03) and citywide (Title 8)
 - ii. Building Codes as adopted to address building and life safety issues related to these uses
 - iii. Fire Codes as adopted to address building and life safety issues related to these uses
 - iv. Utility impacts
 - 1. Electrical demand management
 - 2. Wastewater pretreatment (IPT) requirements

D) CULTIVATIONS

- a. Licensing
 - i. Not capped for number of licenses
 - ii. Permit both medical cultivation licenses and retail cultivation licenses
 - iii. Open applications for licenses August 2022
 - iv. Required both State and Local License
 - v. Local license issued by Local Marijuana Licensing Authority (to be established similar to Liquor Licensing Authority)
 - vi. See appended document for State licensing fee schedule; local fee schedule to be determined based on estimated cost of administration
- b. Land Use/Zoning
 - i. Allowed for indoor cultivation only
 - ii. Allowed in I-1, I-2 zone districts
- c. Use Specific Standards
 - i. On-site signage consistent with existing sign regulations; the state requires that no marijuana business have any form of advertising that targets individuals under the age of 18 (medical) or age 21 (recreational)
 - ii. Require BMPs for odor mitigation
 - iii. Other site-specific standards to correspond to Zoning and Development Code requirements for indoor industrial operations
- d. Additional Considerations

- i. Revise GJMC to clarify standards limiting odor nuisance in affected zone districts (Performance Standards throughout GJMC 21.03) and citywide (Title 8)
- ii. Building Codes to address building and life safety issues related to marijuana cultivation
- iii. Fire Codes to address building and life safety issues related to marijuana cultivation
- iv. Utility impacts
 - 1. Electrical demand management
 - 2. Water demand
 - 3. Wastewater pretreatment (IPT) requirements
- v. Structure material requirements to mitigate light pollution

E) OTHER LICENSE TYPES

- a. No other license types to be allowed at this time except for stores, products manufacturers, cultivations, and testing facilities
 - i. License and permit types to be explicitly prohibited include hospitality business, delivery, business operator, research & development, transporter
- b. Continue to permit testing facilities with no cap on number of licenses
 - i. Currently an allowed use in B-2, C-1, C-2, MU, BP, I-O, I-1, and I-2 zone districts
- c. Further license types could be permitted by act of Council in future, as these are not specified in ballot language

F) TAXATION

- a. Establish taxation at levels approved by ballot measure (if approved)
 - i. Special Marijuana Sales and Use Tax of 5%
 - ii. Special Marijuana Excise Tax of 3%
- b. Reserve consideration of tax increases as permitted by ballot measure
 - i. Special Marijuana Sales and Use Tax may be increased up to 15%
 - ii. Special Marijuana Excise Tax may be increased up to 10%
 - c. Implementation shall require update/amendment to City Tax Code

**Regulated Marijuana
Proposed Timeline**

Business Type	2021									2022							
	Apr 6	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Stores	Vote		Tax Code Amendments	Ordinance to City Council	Issue RFP; Establish Local Licensing Authority		Proposals Due; Review Local License Applications			Estimated start of Issuance of Approved Local Licenses							
Products Manufacturer	Vote							Ordinance to City Council			Open Applications for Products Manufacturer Local Licenses						
Cultivation	Vote												Ordinance to City Council				Open Applications for Cultivation Local Licenses

DRAFT

1. Medical Marijuana Businesses.

<u>License Type</u>	<u>Application Fee</u>	<u>License Fee</u>	<u>Total Due at Application</u>
<u>Medical Marijuana Store</u>	\$5,000.00	\$2,000.00	\$7,000.00
<u>Medical Marijuana Products Manufacturer</u>	\$1,000.00	\$1,500.00	\$2,500.00
<u>Medical Marijuana Cultivation Facility</u> Class 1 (1-500 plants)	\$1,000.00	\$1,500.00	\$2,500.00
<u>Medical Marijuana Testing Facility</u>	\$1,000.00	\$1,500.00	\$2,500.00
<u>Medical Marijuana Transporter</u>	\$1,000.00	\$4,400.00	\$5,400.00
<u>Medical Marijuana Business Operator</u>	\$1,000.00	\$2,200.00	\$3,200.00
<u>Marijuana Research and Development Facility</u>	\$1,000.00	\$1,500.00	\$2,500.00

2. Retail Marijuana Businesses.

<u>License Type</u>	<u>Application Fee</u>	<u>License Fee</u>	<u>Total Due at Application</u>
<u>Retail Marijuana Store</u>	\$5,000.00	\$2,000.00	Separate Checks \$4,500.00 State \$2,500.00 Local
<u>Retail Marijuana Products Manufacturer</u>	\$5,000.00	\$1,500.00	Separate Checks \$4,000.00 State \$2,500.00 Local
<u>Retail Marijuana Cultivation Facility</u> Tier 1 (1-1,800 plants)	\$5,000.00	\$1,500.00	Separate Checks \$4,000.00 State \$2,500.00 Local
<u>Retail Marijuana Testing Facility</u>	\$1,000.00	\$1,500.00	Separate Checks \$2,000.00 State \$500.00 Local
<u>Retail Marijuana Transporter</u>	\$1,000.00	\$4,400.00	Separate Checks \$4,900.00 State \$500.00 Local

<u>Retail Marijuana Business Operator</u>	\$1,000.00	\$2,200.00	Separate Checks \$2,700.00 State \$500.00 Local
<u>Marijuana Hospitality Business (Eff. Jan. 1, 2020)</u>	\$1,000.00	\$1,000.00	Separate Checks \$1,500.00 State \$500.00 Local
<u>Retail Marijuana Hospitality and Sales Business (Eff. Jan. 1, 2020)</u>	\$5,000.00	\$2,000.00	Separate Checks \$4,500.00 State \$2,500.00 Local

B. Regulated Marijuana Business Renewal Application and License Renewal Fees.

1. Medical Marijuana Businesses.

<u>License Type</u>	<u>Application Fee</u>	<u>License Fee</u>	<u>Total Due at Application</u>
<u>Medical Marijuana Store</u>	\$300.00	\$1,500.00	\$1,800.00
<u>Medical Marijuana Products Manufacturer</u>	\$300.00	\$1,500.00	\$1,800.00
<u>Medical Marijuana Cultivation Facility</u>	\$300.00		
Class 1 (1-500 plants)		\$1,500.00	\$1,800.00
Class 2 (501-1,500 plants)		\$2,300.00	\$2,600.00
Class 3 (1,501-3,000 plants)		\$3,500.00	\$3,800.00
Expanded Production Management (for each class of 3,000 plants over Class 3)		\$3,500.00 [Plus \$800 for each additional class of 3,000 plants over Class 3]	\$3,800.00 [Plus \$800 for each additional class of 3,000 plants over Class 3]
<u>Medical Marijuana Testing Facility</u>	\$300.00	\$1,500.00	\$1,800.00
<u>Medical Marijuana Transporter</u>	\$300.00	\$4,400.00	\$4,700.00
<u>Medical Marijuana Business Operator</u>	\$300.00	\$2,200.00	\$2,500.00

<u>Marijuana Research and Development Facility</u>	\$300.00	\$1,500.00	\$1,800.00
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2. Retail Marijuana Businesses.

<u>License Type</u>	<u>Application Fee</u>	<u>License Fee</u>	<u>Total Due at Application</u>
<u>Retail Marijuana Store</u>	\$300.00	\$1,500.00	\$1,800.00
<u>Retail Marijuana Products Manufacturer</u>	\$300.00	\$1,500.00	\$1,800.00
<u>Retail Marijuana Cultivation Facility</u> Tier 1 (1-1,800 plants)	\$300.00	\$1,500.00	\$1,800.00
Tier 2 (1,801-3,600 plants)		\$2,300.00	\$2,600.00
Tier 3 (3,601-6,000 plants)		\$3,000.00	\$3,300.00
Tier 4 (6,001-10,200 plants)		\$4,500.00	\$4,800.00
Tier 5 (10,201-13,800 plants)		\$6,500.00	\$6,800.00
Expanded Production Management (for each additional tier of 3,600 plants over Tier 5)		\$6,500.00 [Plus \$800.00 for each additional tier of 3,600 plants over Tier 5]	\$6,800.00 [Plus \$800.00 for each additional tier of 3,600 plants over Tier 5]
<u>Retail Marijuana Testing Facility</u>	\$300.00	\$1,500.00	\$1,800.00
<u>Retail Marijuana Transporter</u>	\$300.00	\$4,400.00	\$4,700.00
<u>Retail Marijuana Business Operator</u>	\$300.00	\$2,200.00	\$2,500.00
<u>Marijuana Hospitality Business (Eff. Jan. 1, 2020)</u>	\$300.00	\$750.00	\$1,050.00
<u>Retail Marijuana Hospitality and Sales Business (Eff. Jan. 1, 2020)</u>	\$300.00	\$1,500.00	\$1,800.00

C. Owner Request for a Finding of Suitability, Owner License, and Owner Identification Badge – Initial Application and Renewal Fees.

1. Controlling Beneficial Owner Request for a Finding of Suitability Fee.

- a. \$800.00 per Natural Person

- b. \$800.00 for an Entity that is not a Publicly Traded Corporation, plus the fee in paragraph (C)(1)(a) and (C)(1)(b), for each associated natural person subject to suitability
 - c. \$5,000.00 for a Publicly Traded Corporation, plus the fee in paragraph (C)(1)(a) and (C)(1)(b), for each associated natural person or Entity subject to suitability.
 2. Passive Beneficial Owner Request for Finding of Suitability Fee. A Passive Beneficial Owner may, but is not required to, apply for an Owner License and Identification Badge, and if the Passive Beneficial Owner chooses to do so, must submit the fees required by subparagraph (C)(1).
 3. Renewal Fee for an Owner License. All Controlling Beneficial Owners and licensed Passive Beneficial Owners - \$500.00.
 - D. Employee License – Initial Fees and Renewal Fees.
 1. Employee License Initial Application and License Fee – \$100.00
 - a. Of the total Employee License application and license fee, \$75.00 is the application fee and \$25.00 is the license fee. An individual submitting an application for an Employee License may submit the total fee of \$100.00 in one form of payment.
 2. Employee License Renewal Fee – \$75.00
 - a. Of the total Employee License Renewal fee, \$50.00 is the application fee and \$25.00 is the license fee. An individual submitting an application for an Employee License renewal may submit the total fee of \$75.00 in one form of payment.
 3. All Key Licenses and Support Licenses issued before January 1, 2020 will be converted to an Employee License upon the first license renewal following January 1, 2020.
 - E. Temporary Appointee Registration – Request for Finding of Suitability Fees.
 1. Natural Person – \$225.00
 2. Entity – \$800.00
 - F. Other Fees. The following other fees apply:
 1. Permits.
 - a. Off Premises Storage Permit – \$1,500.00
 - b. Transporter Off Premises Storage Permit – \$2,200.00
 - c. Centralized Distribution Permit – \$20.00
 - d. R&D Co-Location Permit – \$50.00
 - e. Delivery Permit:
 - i. Initial Fee Business License that will expire in 6 months or less - \$2,000.00.

- ii. Initial Fee Business License that will expire in more than 6 months - \$4,000.00.
 - iii. All Renewals - \$2,000.00
 - f. Transition Permit – \$250.00
 - 2. Regulated Marijuana Business Changes. The following fees apply per license:
 - a. Change of Controlling Beneficial Owner – \$1,600.00
 - b. Changes Exempt from Change of Owner Application Requirement – \$800.00
 - c. Change of Trade Name – \$50.00
 - d. Change of Location – \$500.00
 - e. Modification of Licensed Premises – \$100.00
 - 3. Marijuana Research and Development Facility Research Project Proposal – \$500.00
 - 4. Responsible Vendor Provider Applications.
 - a. Responsible Vendor Program Provider Initial Application – \$850.00
 - b. Responsible Vendor Program Provider Renewal Application – \$350.00
 - 5. Duplicate License, Identification Badge, Certificate, Regulated Marijuana Business License Reinstatement.
 - a. Duplicate Business License – \$20.00
 - b. Duplicate Owner or Employee Identification Badge – \$20.00
 - c. Responsible Vendor Program Provider Duplicate Certificate – \$50.00
 - d. Reinstatement of Regulated Marijuana Business License - \$250.00
- G. When Fees are Due. All fees in this Rule are due at the time the application or request is submitted.

Basis and Purpose – 2-210

The statutory basis for this rule includes but is not limited to sections 44-10-202(1)(c), 44-10-202(1)(e), 44-10-203(1)(c), 44-10-203(1)(j), 44-10-203(2)(w), 44-10-305, 44-10-901(2), and 24-4-105(2) C.R.S. The purpose of this rule is to clarify the duties that Applicants and Licensees have when reporting to the State Licensing Authority information that is necessary for the issuance of a state license. These duties include but are not limited to reporting and keeping a mailing address current, reporting a felony conviction or other disqualifying event, cooperating with the State Licensing Authority and his or her employees, and notifying the State Licensing Authority of any change of registered agent in the State of Colorado. This rule further provides that all communications or notifications that the State Licensing Authority or Division send an Applicant or Licensee will be sent to the last known address. The Applicant's or Licensee's failure to notify the Division of a change of address does not relieve the Applicant or Licensee from timely responding to any correspondence or notification.